

Stock code : 1409



新光合成纖維股份有限公司  
SHINKONG SYNTHETIC FIBERS CORPORATION

# 2023 Annual Report

Annual report available at: <http://mops.twse.com.tw>

Printed on April 16, 2024

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	Page
One. Letter to Shareholders .....	1
Two. Company Profile .....	14
I. Date of Incorporation .....	14
II. Company History .....	14
Three. Corporate Governance Report .....	22
I. Organization .....	22
II. Directors, Supervisors, Presidents, Vice presidents, Assistant Managers, Supervisors of all Departments and Branches .....	26
III. Implementation of Corporate Governance .....	52
IV. Information About the Company's Audit Fee .....	130
V. Change of CPA .....	131
VI. The Company's Chairperson, General Manager, or any managers involved in financial or accounting affairs being employed by the accounting firm or any of its affiliated company within the most recent year .....	131
VII. Details of shares transferred or pledged by directors, managers, or shareholders with more than 10% ownership interest in the last year up until the publication date of this annual report. ....	131
VIII. Relationships among top-10 shareholders .....	134
IX. Aggregate shareholding percentage .....	136
Four. Financing Overview .....	138
I. Capital and Shares .....	138
II. The Company's Handling of Corporate Bonds .....	145
III. Preferred shares .....	146
IV. Global depository receipts .....	146
V. Employee stock options .....	146
VI. New issuance of employee restricted shares .....	146
VII. Names of managers having acquired employee stock options and names of employees ranking top ten in convertible shares .....	146
VIII. Status of new shares issuance in connection with mergers and acquisitions .....	146
IX. Financing plans and implementation: .....	146
Five. Operational Highlights .....	147
I. Business Activities .....	147
II. Market and Sales Overview .....	164
III. Human Resources .....	183
IV. Environmental Protection Expenditures .....	183
V. Labor Relations .....	184
VI. Information security Management .....	189

	VII. Important Contracts .....	192
Six.	Financial Information .....	193
	I. Summary balance sheet, statement of comprehensive income, auditors and audit opinions for the last 5 years .....	193
	II. Financial ratio analysis for the last 5 years .....	197
	III. Audit Committee's Report in the Most Recent Year .....	201
	IV. Financial Statements for the Most Recent Year .....	202
	V. Latest Audited Standalone Financial Statements .....	402
	VI. Any financial distress experienced by the Company or affiliated enterprise and its impact on the Company's financial status in the last year up until the publication date of this annual report. ....	519
Seven.	Review of financial position, business performance, and risk issues .....	520
	I. Analysis of Financial Status .....	520
	II. Financial performance .....	522
	III. Cash flow .....	525
	IV. Major Capital Expenditure Items .....	525
	V. Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year .....	526
	VI. Analysis of Risk Management .....	526
	VII. Other important disclosures. ....	534
Eight.	Special Disclosure .....	535
	I. Information on Affiliates .....	535
	II. Private Placement Securities in the Most Recent Year and as of Publication Date of the Annual Report .....	554
	III. The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Year and as of Publication Date of the Annual Report .....	554
	IV. Other supplementary information. ....	554



## **One. Letter to Shareholders**

Since the establishment of the Company, we have been committed to the differentiation of products and the continuous improvement of practical value with our core technology of polyester. The development history of the Company is not only a witness to our own growth, but also a specific reflection of the changes in the times and the environment. In this context, we have actively played a part in the green energy, environmental protection, and sustainable development. We have incorporated the values of people-oriented and circular economy into our business philosophy, and responded to the challenges of the current green era through innovative business models.

In 2023, in the face of the U.S. Fed's continued interest rate hikes, the recession in the Eurozone, the pressure from emerging markets to appreciate the dollar, the slow economic recovery in China, and the impact of the Russian-Ukrainian war on the global energy and geopolitics, the economic growth this year was affected and changes and recovery were delayed.

In the circumstances of unstable global economy, we focus on accelerating market development and business expansion to better grasp the market trends. At the same time, we make good use of core advantages to improve performance and increase the shares in the differentiated market. To improve operating efficiency and capital turnover, we actively reduce inventory and make the best of funds. At the same time, we remain committed to energy conservation, carbon reduction, and waste reduction in order to maintain our responsibility for sustainable environment and our brand competitiveness.

Shinkong Synthetic Fibers' ESG (environmental, social and corporate governance) implementation emphasizes what we value and make effort for in the sustainable development. The ESG sustainability policy of the Company demonstrates a positive attitude and commitment to the implementation of corporate social responsibility and sustainable development projects. In addition, we will spare no effort to promote economic prosperity, maintain a green environment, and care for the communities.

Under the global ESG development trend, Shinkong Synthetic Fibers' development is not only the pursuit of our own interests, but a mission closely linked to social development. With an environment-friendly and sustainable

operations at the core of our development, we closely integrate the needs of the Company and society, and continue to research and develop in the new industrial directions, in order to become a model of premium enterprises.

In terms of environmental protection and carbon reduction, Shinkong Synthetic Fibers have participated in the international and various brands' environmental protection, carbon reduction and recycled materials policies proactively. In Taiwan, our 100% recycled environment-friendly polyester pellets (r-PET) have stable quality and meet the production certification for food and beverage containers. We have also become an important strategic partner for internationally renowned food, beverage and packaging manufacturers to promote environmental protection, carbon reduction and sustainable operation. Overseas, we have expanded the production line of recycled PET pellets (r-PET) for PET bottles through Thai Shinkong Industry Corporation Ltd. a joint venture with the Japanese company Mitsubishi Group. The produced FTR (Flake to Resin) environment-friendly ester pellets can reduce the mixing process for supply chain customers, lower production costs, simplify inventory management; in addition, more stable r-PET quality can be obtained to expand the reuse of environment-friendly materials worldwide.

In terms of new markets, we are actively extending the engineering plastics market to high value-added industries such as new energy vehicles and electric vehicles. Through the investment in the establishment of the "UL Laboratory", it is expected to shorten the time of R&D and improve the cutting-edge material products in new fields, especially to meet the development needs of market differentiation. In addition, the demand for car-borne screens displays of new energy vehicles has gradually increased, and the size has also increased. These have made new contributions to the thin film market of Shinkong Synthetic Fibers' optoelectronics business.

In terms of the applications of the eco-friendly fabric fiber, we have developed from the Bottle to Textile (B2T) and Bottle to Bottle (B2B) recycling further to the applications of Textile to Textile (T2T). We will continue to work with international companies and brand customers to jointly develop remanufacturing technologies for recycled fabric waste materials, increase the proportion of the r-PET recycled materials in the applications, and continue to



develop low-carbon and green products.

In terms of the development of new businesses, with the rise of global smart technology, the wafer and semiconductor markets continue to expand and the customer demand for advanced semiconductor manufacturing processes continues to grow. Our joint venture Shinsol Advanced Chemical Corporation with Solvay Group, a Belgian chemical company, is committed to local investment and quality improvement. Through the provision of high-purity electronic grade hydrogen peroxide, it ensures better quality and services for the advanced processes in the semiconductor industry chain. This is also part of the diversification of the our business into different fields., with the goal to cooperate with leading international companies to establish a solid technology foundation and lay a robust cornerstone for the Company in the electronic material industry.

The financial businesses of the Group, including Taipei Star Bank and Shin Kong International Securities, provide services of "financial technology with warmth". While maintaining stable profitability in our business, we are committed to innovation in financial technology. Through our expectation as a pioneers in electronic ordering, we maintain a keen insight into market growth potential and are brave enough to lead innovation in the financial field.

We are also committed to the planning of the future Youth Smart Production Park to promote the development of youth entrepreneurship, smart logistics, and smart manufacturing. At the same time, we are involved in eco-friendly agriculture by setting up the Strawberry School leisure farm to promote food and agricultural education, environmental education and STEAM education. By combining local creativities with young farmers returning home, the School has become the most successful six-tier industry demonstration base in Taiwan.

In addition, Shinkong Synthetic Fibers combine AI, big data and other digital technologies to promote industrial transformation, actively participate in the industrial net zero emissions initiative, and set a net zero emissions target for 2050. In the future, we will continue to promote the energy conservation and carbon reduction plan, establish a green business model, and support the promotion of the concept about sustainability, continue to develop new eco-friendly products, and expand product applications, including development

of the sustainable products including Recycle series polyester, bio-based polyester, and functional polyester ester elastomers and elastic yarns.

In 2024, although the international oil price, freight and economic development will be affected by the geopolitical tension and the global super election year, as well as the official launch of carbon tariffs, such as EU's Carbon Border Adjustment Mechanism (CBAM) in 2026, issues such as the global inflation cooldown, AI and carbon reduction and environmental protection will all have an opportunity to boost global economic growth.

In the future, we will continue to improve our core technology capabilities, strengthen the R&D strength, and accelerate corporate transformation to breathe life into the Company with brand new thinking. We will actively expand our vision and business deployment, and continue the spirit of innovation to cope with the changes of the market and the challenges in the future.

Finally, Shinkong Synthetic Fibers would like to express our sincere gratitude to all customers, suppliers and shareholders for their trust and support in us, which enable us to continue maintaining a stable and vigorous operation in the highly competitive market environment. We will greet the new economic development and layout, and make more positive contributions to the society.

## 2023 Business Report

2023 was a challenging year for the manufacturing sector of Shinkong Synthetic Fibers Group. Given the excess inventory, global inflation, China's economic recovery lower than expected, geopolitical tensions and trade restrictions, the customer demand was adjusted downward significantly, thereby affecting the operating performance. Notwithstanding, in recent years, as the Company has kept continuing to diversify its operations, its Financial Business Division and other businesses increased the profit sought by the Group.

### (I) Operating costs:

In recent years, the Company has continued to adjust product structure and expand the scale of production in a circular economy, and also expanded product applications and developed new materials at the



same time. The sales of the main divisions and operation results are as follows:

### 1. Polyester Division

The sales of this division for the year were NT\$28,197,129 thousand, which was a decrease compared to 2022 by NT\$6,863,620 thousand or 19.58%. The profit before-tax of this division in the year was NT\$254,677 thousand, which was a decrease compared to 2022 by NT\$2,860,100 thousand or about 91.82%.

### 2. Optoelectronics Business Group

The sales of this division in the year was NT\$5,850,986 thousand, which was a decrease compared to 2022 by NT\$164,761 thousand or about 2.74%. The loss before-tax of this division in the year was NT\$394,426 thousand which was a increase compared to 2022 by NT\$303,037 thousand or about 331.59%.

### 3. Financial Business Group

The sales of this division in the year were NT\$5,435,582 thousand, which was a increase compared to 2022 by NT\$647,343 thousand or 13.52%. The profit before-tax of this division in the year was NT\$1,632,830 thousand, which was a increase compared to 2022 by NT\$24,058 thousand or about 1.45%.

## (2) Analysis on Financial Position and Performance:

### 1. Financial Position

The net cash outflow from the consolidated operating activities in the year was NT\$5,351,369 thousand, net cash outflow from investing activities was NT\$3,571,780 thousand and net cash inflow from financing activities was NT\$8,237,585 thousand. The cash and cash equivalents for this year decreased by NT\$690,625 thousand. The year-end cash and cash equivalents amounted to NT\$ 10,499,318 thousand.

## 2. Profitability

The consolidated sales of the year were NT\$39,565,140 thousand, which was a decrease compared to 2022 by NT\$6,402,533 thousand or 13.93%. Total expenditures were NT\$38,064,309 thousand, which was a decrease compared to 2022 by NT\$3,209,319 thousand, or 7.78%. Profit before-tax from continuing operations was NT\$1,500,831 thousand, which was a decrease compared to 2022 by NT\$3,193,214 thousand, or 68.03%. Net income was NT\$1,169,574 thousand, which was a decrease compared to 2022 by NT\$2,450,914 thousand, or 67.70%. Earnings per share was NT\$0.47, which was a decrease compared to 2022 by NT\$1.28 per share or 73.14%.

### (3) Research and Development status:

The Group's R&D division sticks with the original spirit that "Holding on to the status quo means falling behind. Progress needs research and development" to constantly invest in new product development. At present, the Group's products include synthetic fibers, plastic ester pellets, polyester films, polyester sheets, PET bottles, 3D printing materials and various types of optical films. In addition to products related to clothing, shoe materials and packaging materials, the application range of the products is not only extended to optoelectronics, automobile, medical and other related high-tech material industries, but also environmental protection and carbon reduction items.

The major research and development in 2023 include:

#### 1. New plastic products

Recycled PBT, recycled shoe materials/fiber/TPEE for waterproof and vapor-permeable membrane, transparent TPEE, cation dyeable TPEE, high-performance biodegradable polyester, matte model light-curing 3D printing resin, transparent light-curing 3D printing resin and toning light-curing 3D printing resin, etc.

#### 2. New fiber products

Eco-friendly PBT elastic yarn, TPEE elastic fiber, CD-TPEE elastic



fiber, recycled fiber from waste fabrics, PET/Spandex elastic covered yarn, PET/TPEE elastic covered yarn, Sigma Vaporush recycled fiber, dynamic moisture/heat regulation fiber, CD-PET low-temperature dyeable fiber, CD-PET bottle recycling and environmental protection mother yarn, PET flame-retardant industrial yarn, PET flame-retardant industrial dyed yarn, high DPF hollow fiber mother yarn and hollow fiber HTY, etc.

### 3. New optronics products

Polyester film for UV ink printing, PCR post-consumer recycled polyester film, OBP marine recycled polyester film, and optical recycled polyester film.

## Overview of the business plans in 2024

Our team pursues the business goals of “sustainable growth, green energy, environmental protection and sincere care” with sustainable and innovative thinking and the business strategy of satisfying consumer needs, and move towards the corporate vision of “people-oriented and environment friendly in an intelligent way”.

### (I) Business strategy in 2024

Sustainable innovation and talent cultivation.  
Smart manufacturing and AI transformation.  
Green products and net zero emissions.

### (2) Operation targets and the important policies for production and sales in 2024

#### 1. Operation targets

The Group constantly adjusts the product mix and sales strategy. The expected operational targets are as follows: over 690,000 tons of polyester chips, 41,000 tons of polyester filaments, 95,000 tons of engineering plastics, 14,000 tons of industrial yarn, 40,000 tons of PET film, 29.03 million square meters of Optical film, and 77.15 million square meters of TAC film.

The above is the estimated sales volume based on the estimated demand

provided by customers.

## **2. The important policies for production and sales**

1. Improving the energy of research and development, mastering key technologies, increasing the advantage of new fibers.
2. Strengthening product features, assuring equipment flexibility and availability, enhancing risk control.
3. Continuing to implement lean management and quality improvement, deepening corporate image.

### **(3) 2024 quality policy, environmental policy and security and health policy**

Quality policies	Environmental policies	Safety and Health Policy
1. Fulfilling customers' needs.	1. Complying with the laws and regulations.	1. Comply with industrial safety regulations.
2. Continuing to improve quality.	2. Energy savings and waste reduction.	2. Eliminate risk factors.
3. Developing niche products.	3. Pollution prevention.	3. Commitment to continuous improvement.
	4 Constant improvement.	4. Prevention of injuries and accidents.

## **Future development strategy**

In response to the factors, such as the rapidly changing market and the global supply chain reshuffle caused by the US-China trade war, the trend of net zero carbon emissions, corporate inheritance and talent cultivation, the Company continues to carry out “Sustainability Inheritance, Leanness, Innovation” to help the Company become a friendly enterprise with “sustainable growth, environmental protection and green energy, and sincere care”.



**Sustainability** - In response to net zero emissions, we carry out low-carbon transformation, introduce green energy investment, implement corporate governance, and continue to invest in the R&D of environment-friendly products and the low-carbon production with green energy to jointly build a sustainable future.

**Inheritance** - The Company adheres to the concept of “suitability for talents” and “full play for talents” and strengthens the professionalism, general knowledge and management skills of employees through the functional system, so as to achieve the purpose of talent cultivation and pass-on of experiences.

**Leanness** - The learning curve is shortened through intelligent industrial integration of upstream and downstream sectors. Effort is made in cost control, quality improvement, energy consumption reduction, and production efficiency improvement to strengthen competitiveness and create maximum benefits.

**Innovation** - In addition to product innovation, technology, production process, market, marketing and even thinking need to be innovative. In the face of the challenges in the 21st century, we will continue to plan for the future development on the existing core R&D basis.

For the products, we continue to adopt the production strategy of diversification and differentiation, including integrating R&D technologies and innovating product structures to improve overall product competitiveness and added value. In addition to developing various healthy functional fibers, water-repellent fibers, flame-retardant fibers, industrial fibers, and environment-friendly functional fibers, we have continued to invest in equipment, production, and R&D for environment-friendly recycling of polyester chips. In Taiwan, the r-PET fully recycled from new fibers is stable and meets the production certification of food and beverage containers. With this, we have become an important strategic partner for international leading manufacturers of food, beverage, and packaging material products in the implementation of environmental protection, carbon reduction, and sustainable operations. Overseas, we expand the production lines with recycled PET bottle R-PET. The environmentally-friendly FTR (Flake to Resin) produced can facilitate the reuse of environment-friendly raw materials around the world. At the same time, we are actively extending the engineering plastics market to high value-added industries such as new energy vehicles and electric vehicles.

Through the investment in the establishment of the “UL Laboratory”, the time of R&D is shortened and the market development of the cutting-edge material products in new fields is improved. In addition, the demand for car-borne screens displays of new energy vehicles has gradually increased, and the size has also increased. These have made new contributions to the thin film market of the Group’s optoelectronics business. In terms of the applications of the eco-friendly fabric fiber, we have developed from Bottle to Bottle (B2B) recycling further to the applications of Textile to Textile (T2T). We will continue to work with international companies and brand customers to jointly develop remanufacturing technologies for recycled fabric waste materials, increase the proportion of the r-PET recycled materials in the applications, and continue to develop low-carbon and green products. As for the development of new businesses, in addition, with the rise of global smart technology, the wafer and semiconductor markets continue to expand and the customer demand for advanced semiconductor manufacturing processes continues to grow. Shinsol Advanced Chemicals Corporation, a joint venture with the Belgian chemical company Solvay Group, is committed to local investment and quality improvement and provision of high-purity electronic grade hydrogen peroxide. This is also part of the diversification of our business in different fields. Investment returns will be gradually generated. As for operating bases, we are actively looking for expansion opportunities. In addition to Thailand, we are evaluating and developing markets in Southeast Asia such as Vietnam, India, and Indonesia, in order to actively increase the overall growth capacity of the Company and achieve the goal of instant market responses and customer services.

With respect to sustainable operations, we have followed the government’s policy by setting a net zero carbon emission target for 2050. Not only are we committed to energy conservation, carbon reduction, and environmental protection, we are also actively participating in the green energy industry by investing in the upgrade of manufacturing processes and utility equipment. In addition to dedicating ourselves to the development in the green energy industry, we establish a sustainable and low-carbon production business and enhance the corporate environmental protection capabilities to achieve “zero waste” as a goal of sustainable cycle. In addition to producing environment-friendly yarns using recycled PET bottles, in recent years, Shinkong Synthetic Fibers has focused on green operations in its research and development, striving to improve production efficiency and reduce energy consumption per unit of output, while strengthening the development of environment-friendly green products, actively



developing various “environment friendly”, “non-toxic”, and “green energy” green products, which have passed international testing to achieve a high degree of customer recognition. Internally, the Company has established various energy consumption systems and environmental safety management systems to reduce energy consumption and improve occupational safety and environment, so that we can take both environmental sustainability and operational sustainability into account.

We emphasize what the Company values and makes effort for in the sustainable development, and demonstrate a positive attitude and commitment to the implementation of corporate social responsibility. The net zero emissions and carbon reduction goal, the development of environment-friendly products, and the investment in recycling technology all demonstrate the concern of the Company about sustainable operations and our responding to market trend and development in the future. We hope to continue to research and develop in the new industrial directions to become a model of premium enterprises.

## The impact of external competition, macroeconomic environment, and regulatory environment

### (I) The impact of external competition and the macroeconomic environment

In 2023, the global economy grew slowly due to the sluggish demand in the end market and the adjustment of the inventories in different industries. In addition, the reshaping of the global supply chain and the formation of the new regional manufacturing patterns have increased the challenge of Taiwan’s export-oriented industries. In the face of this environment, in addition to maintaining a consistent quality policy, the Group accelerates market development and business outreach, quickly grasps the pulse of the environment and changes in industry trends, and adjusts the Company’s market deployment. We also accelerate the deployment of low-carbon products, continue to deepen the core polyester capacities, and expand the scale of the Thai Shinkong Industry for low-carbon recycled polyester chips to assist the supply chain and international customers in smooth implementation of carbon reduction for

their process products. The Company has entered into many different business fields such as chemical fiber, plastics, optoelectronics, and finance based on diversified operations. We have strengthened the capability to cope with external competitions and economic changes. We accelerate the reduction of inventories, make the best of funds, improve business operation efficiency. The Group does not take price competition as a strategy, but takes “high tech - high value of products, high touch - high service satisfaction” as its main strategy. The Group adheres to the core value of “seeking truth from facts, adopting a step-by-step approach, being fair and transparent, and being a team of mutual trust”, and continue to diversify our product marketing strategies, and develop products with product differentiation and high added practical value. Through energy transformation, industrial transformation, industrial intelligence and AI transformation strategies, we implement the enterprise ESG policies with proactive actions, innovative methods, and flexible response, and create shared value to create a sustainable future.

## (II) The impact of the regulatory environment

Since its inception, Shinkong Synthetic Fibers has adhered to the ethical corporate governance principle, and established a sound legal foundation. In addition to continuing to comply with the international “Money Laundering Prevention Act”, “Personal Data Protection Act” and related intellectual property rights and increasingly strict laws and regulations on environmental protection, labor rights protection and consumer rights, the reform and implementation of the global minimum tax system will affect the operating strategies of global enterprises in the coming decades. In addition, the “Climate Change Response Act” and the Taiwanese government’s upcoming imposition of a carbon fee on enterprises are also expected to pose challenges to the operating costs of the enterprises. For this, we have made full effort in the investment of resources in internal energy saving and carbon reduction. In 2023, we completed replacement of various major equipment and up to 124 sets of high-efficiency motors for the purpose of energy conservation and,



therefore, saved the power by 11.5 million kWh and reduced carbon emissions cumulatively over the years by more than 78,000 metric tons. Meanwhile, we continue to develop recycled and biopolyester products in response to the trend of low-carbon among customers, and get out of the low-price competition in a way of differentiation. The Group will continue to invest in resources, focus on the maintenance of industrial safety and environmental protection and the improvement of production processes, strive for a green and environment friendly production environment and green product development, and face the increasingly stringent international protection of labor rights and interests. With regard to the operating strategy of global investment layout and the restructuring of supply chains, we will also take appropriate response measures to safeguard shareholder rights and make a contribution to ESG.

Yours sincerely

Chairperson

Tong-Sheng Wu

## Two.Company Profile

### I. Date of Incorporation

Date of Incorporation: The Company was founded on March 17, 1967

Date of Registration: The Company was officially registered on April 25, 1967

### II. Company History

- |      |   |
|------|---|
| 1967 | • Shinkong Synthetic Fibers Corporation was founded by a group of entrepreneurs including Mr. Ho-Su Wu, who was elected Chairperson.  |
| 1968 | • Japanese companies Toray Industries, Inc., and Mitsubishi Corporation invested into the Company.  |
| 1969 | • The filament plant started construction.  |
| 1970 | • The filament plant completed its trial run and commenced official production.   |
| 1971 | • Production activities commenced at the yarn plant.  |
| 1973 | • Shares of Shinkong Synthetic Fibers Corporation were approved for listing, and were assigned the stock code: 1409.  |
| 1974 | • Commenced production of partially oriented yarn (POY) and woven fabric.   |
| 1976 | • Started producing polyester staple fiber.   |
| 1980 | • Founded Pan Asian Plastics Corp. (PAP), specializing in the research, development, manufacturing and sales of packaging materials such as PET preform and PET bottles.  |
| 1981 | • Obtained approval from the Intellectual Property Office for the Chinese trademark of PET bottles.   |
| 1983 | • Commenced production activities at the polyester chip plant.  |
| 1985 | • Completed construction of POY high-speed false twisting equipment with a daily capacity of 65 tonnes. Completed expansion of polyester chip and polyester staple fiber production capacity to 80 tonnes and 120 tonnes per day, respectively. |
| 1986 | • Chairperson Ho-Su Wu passed away and the Chairperson position was succeeded by Mr. Tung-Chin Wu.  |
| 1987 | • Founded Bade Plant and commenced production of nylon filaments.   |
| 1988 | • Completed construction of the polyester staple fiber plant, textured yarn plant, and spin drawn yarn (SDY) plant with   |



- 150 tonnes, 18 tonnes, and 7 tonnes of daily capacity, respectively.
- Completed construction of the Taoyuan Plant and commenced production of PET film.
- 1989
- Signed a collaborative agreement with Idemitsu Petrochemical Co., Ltd., from Japan to construct a PC plant.
  - Completed construction of POY equipment with a daily capacity of 20 tonnes, 7000-tonne wastewater purification equipment, and three 17000KWH power generators.
- 1990
- Invested NT\$1 billion in the construction of continuous polymerization equipment and yarn-spinning equipment with a daily capacity totaling 300 tonnes and 72 tonnes, respectively.
- 1992
- The fourth set of continuous polyester chip equipment with a daily capacity of 70 tonnes commenced production.
  - Won the first ROC Enterprises Environmental Protection Award.
- 1993
- Invested in 5 automated POY production lines and 4 high-speed draw twistors for a total capacity of 72 tonnes per day.
  - Commenced production of the 12-tonne/day PET film plant.
  - Commenced construction of the Guanyin Plant.
  - To maximize the production advantage, the Company founded Hangzhou Huachun Chemical Fiber Co., Ltd., an overseas production facility, in Hangzhou, China that specializes in the production of POY, polyester textured yarn, and industrial yarn.
- 1994
- The Guanyin Plant construction was completed.
  - Founded Thai Shinkong Industry Corporation Ltd. in Thailand to construct a 100,000-tonne/year polyester chip plant.
- 1995
- Guanyin Plant commenced production of fine denier yarn and conjugate yarn.
- 1997
- Thai Shinkong Industry commenced production. Implemented profit center.
- 1998
- Hangzhou Huachun Chemical Fiber commenced production.
- 2000
- Won the Excellence in Stationary Pollution Source Control award from the Taoyuan County Department of Environmental Protection.
- 2001
- Completed expansion of industrial yarn production by 18,000

- tonnes per year.
- Constructed the 4th engineering plastics production line and increased annual capacity by 13,000 tonnes.
- 2002
- Expanded the production of PBT BASE POLYMER by 36,000 tonnes per year at Guanyin Plant (CP-8).
  - Expanded the production of polyester chips by 72,000 tonnes per year at Zhongli Plant (CSP-6).
  - Constructed the 5th engineering plastics production line and increased annual capacity by 13,000 tonnes.
  - Added 10 false twisting machines at Hangzhou Huachun Chemical Fiber.
  - Promoted e-commerce and digital transformation within the industry.
  - Won the Energy Conservation Industrial Excellence Award from MOEA.
- 2003
- Founded Shinkong Industry (Hangzhou) Co., Ltd. (SKI) in Hangzhou, China to specialize in the production of engineering plastics and A-PET sheets.
  - Shinkong Synthetic Fibers Corporation has been actively introducing manufacturing technologies and procedures for optical grade films as a means to support its vision of becoming a “sustainable and growing high-tech polyester manufacturer”. In support of this vision, the Company founded UBright Optronics Corp. (UBO), specializing in the design and production of prism films, a critical material for TFT-LCD backlight modules.
  - Implemented the balanced scorecard and performance management system.
- 2004
- Mr. Tong-Sheng Wu took over as the Chairperson.
  - Shinkong Synthetic Fibers Corporation had more than 28 years of PET film manufacturing experience and technology, which the Company decided to transfer to a new company called Shinkong Polyester Film Corp., Ltd. (SPF), specializing in the research, development, production, and sales of PET films.
  - Commenced construction of the 3rd PET film production line with a capacity of 1,500 tonnes per month.
  - Shinkong Synthetic Fiber Corporation acquired ownership in Shinkong International Securities Co., Ltd.
- 2005
- “Shinkong 21” was implemented. The program introduced a number of improvements involving re-organization,



enhanced authorization, variable cost accounting, individual business AO performance assessment, amendment of performance bonus policy, and enhancement of downstream process.

- Completed expansion of industrial yarn production at Zhongli Plant.
  - Completed expansion of industrial yarn production at Hangzhou Huachun Chemical Fiber.
  - Completed expansion of engineering plastics and A-PET sheet production at Shinkong Industry (Hangzhou) Co., Ltd.
  - Won the Energy Conservation Industrial Excellence Award from MOEA.
- 2006
- Completed expansion of HMLS yarn production by 8,400 tonnes/year at Zhongli Plant and optical grade film production by 18,000 tonnes/year at Taoyuan Plant.
  - Invested in ShinBright Optronics Corp. (SOC) to specialize in the production of optical grade PET and development of functional films.
  - Founded TacBright Optronics Corporation (TBO), specializing in the research, development, manufacturing, and sales of optical grade TAC film, a critical material for polarizers.
  - Won the Energy Conservation Outstanding Innovation Award from the Bureau of Energy, MOEA.
  - Won the Energy Conservation Industrial Excellence Award from MOEA.
- 2007
- UBright Optronics Corporation commenced mass production of luminance enhancement film.
  - SBright Optronics Corporation commenced factory construction.
  - The National Development Fund, Executive Yuan, invested NT\$1 billion in TacBright Optronics Corporation.
  - Industrial Voluntary Greenhouse Gas Emission Reduction Excellence Award from the Industrial Development Bureau, MOEA.
  - Won the Energy Conservation Industrial Excellence Award from MOEA.
  - Approval was granted to re-organize the “Limited Liability First Credit Cooperative of Taipei City” into “First Capital Commercial Bank”, and list it for trading on the Emerging Stock Market.

- 2008
  - Shinkong Corporate University was founded and an industry-academia collaboration agreement was signed with Chung Yuan Christian University.
  - TacBright Optronics Corporation commenced factory construction.
  - SBright Optronics Corporation completed factory construction and commenced production activities.
  - Guanyin Plant won the Energy Conservation Industrial Excellence Award from MOEA.
  - Shinkong International Securities Co., Ltd., completed public offering and commenced operation of the Taichung Branch.
- 2009
  - TacBright Optronics Corporation completed factory construction and commenced production activities.
  - Won the 2009 Industrial Excellence Award from the Industrial Development Bureau, MOEA.
  - Won the Taoyuan County Ever Green Enterprise Excellence Award.
  - Won the Industrial Benchmark Award from the Industrial Development Bureau, MOEA.
  - “First Capital Commercial Bank” was officially renamed “Bank of Taipei”.
  - Shinkong International Securities Co., Ltd., commenced operation of its Kaohsiung Branch and Hsinchu Branch.
- 2010
  - Completed expansion of film and engineering plastics production at Zhongli Plant.
  - Completed expansion of engineering plastics production at Shinkong Industry (Hangzhou) Co., Ltd.
  - Won the Energy Conservation Service Group Award from MOEA.
  - Won the Energy Conservation Outstanding Industry Award from MOEA.
  - Won the Energy Conservation Excellence Award from MOEA.
- 2011
  - Completed expansion of the polyester chip production line at Zhongli Plant (CSP-8).
  - Completed expansion of the 4th PET film production line at Taoyuan Plant.
  - Shinkong International Securities Co., Ltd., commenced operations of its Tainan Branch.
- 2013
  - Shinpont Industry Inc., modified its PH4 #21 12 END production line.



- UBright Optronics Corporation won the first Taiwan Mittelstand Award from MOEA.
- Won the Energy Conservation Excellence Award from MOEA.
- “Bank of Taipei” changed its name to “Taipei Star Bank”.
- Taipei Star Bank commenced operation of its Taoyuan Branch.
- 2014 • PH5 expansion was completed at Shinpont Industry Inc.
- TacBright Optronics Corporation invested NT\$3 billion into phase 2 expansion.
- Zhongli Plant underwent a factory renewal (Fang 1).
- 2015 • Zhongli Plant and Guanyin Plant jointly renewed 16 false twisting machines.
- Zhongli Plant completed expansion of new film production line.
- Shinkong International Securities Co., Ltd., commenced operation of its Taoyuan Branch.
- Founded Shinkong International Leasing Corp..
- 2016 • Invested NT\$2 billion into the expansion of engineering plastics (CP-9) production at Guanyin Plant, with a production capacity of 70,000 tonnes/year.
- Commenced expansion of fine denier yarn production at Zhongli Plant (HTY).
- Completed PH5 expansion at Shinpont Industry Inc.
- TacBright Optronics Corporation completed phase 2 expansion.
- 2017 • A System Integration Division and a CIO were introduced to enhance the application of smart technologies in the industry.
- A Quality Management Division and a CQO were introduced to oversee quality management, customer complaint tracking and improvement throughout the Company.
- 2018 • Completed the expansion of engineering plastics (CP-9) production at Guanyin Plant and started production.
- 2019 • Completed the construction of the solar system at Thai Shinkong Industry Corporation Ltd. in Thailand.
- Expanded and replaced the production equipment for spinning.
- Continued to deepen, optimize, and integrate industrial smartification.

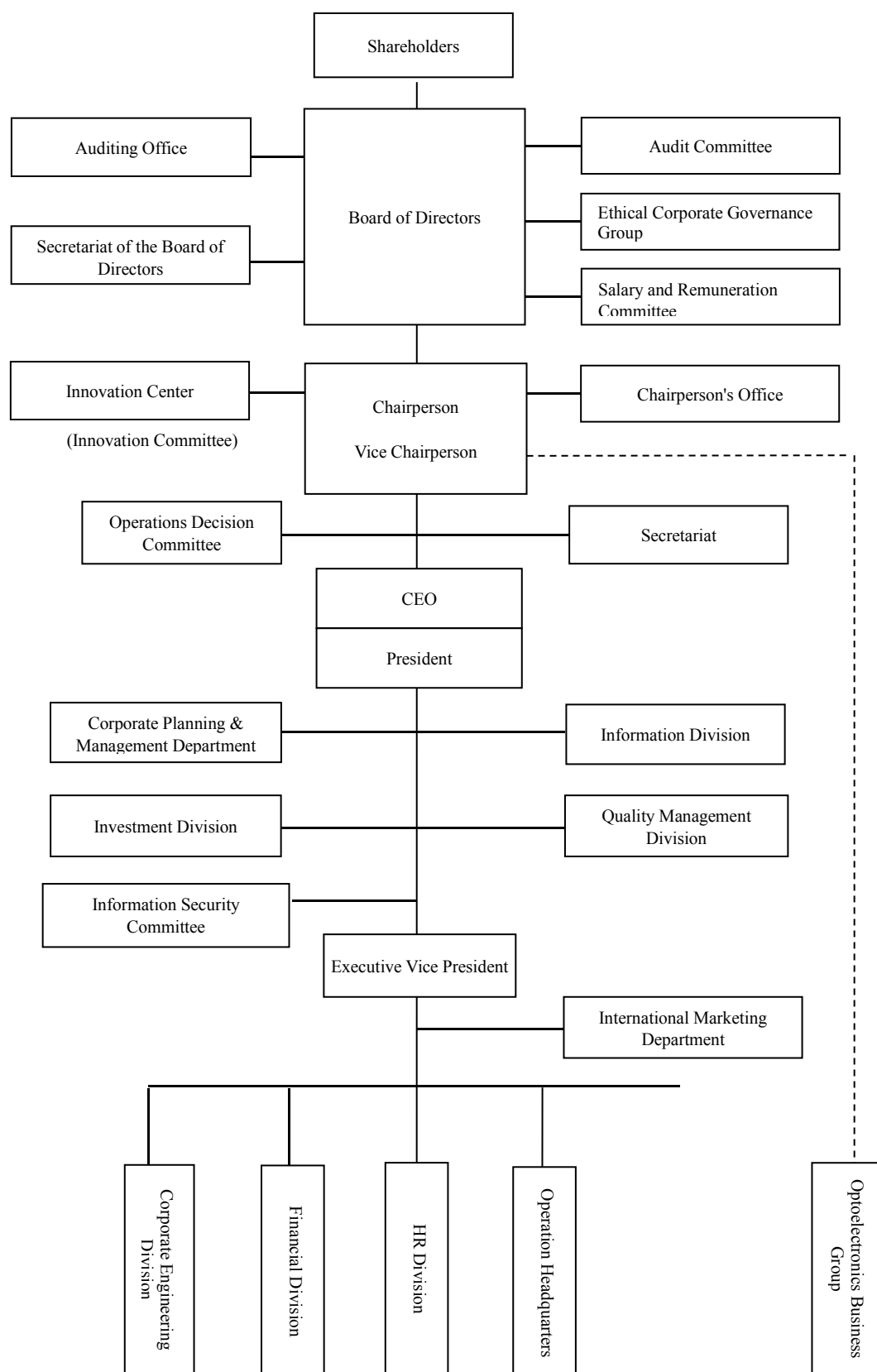
- 2020
  - The Company signed an OEM contract with PVN's subsidiary VNPOLY.
  - Thai Shinkong Industry Corporation Ltd. and Mitsubishi Group partnered up to expand the production line for polyester chips.
  - 50th Anniversary of the plant of Shinkong Synthetic Fibers Corp.
  - UBright Optronics Corporation acquired the production line of SBright Optronics Corporation and added the Zhunan plant.
  - Established Shinkong Applied Materials (Jiangsu) Co. Ltd.
  - Established Shinkong Power Technology Co. Ltd., entering the green energy industry.
- 2021
  - Signed a letter of intent to expand cooperation with PVN.
  - Established a joint venture in Taiwan with Solvay, a Belgian chemical company.
  - Cooperated with Palau, a Pacific diplomatic country, to recycle wasted PET bottles from the sea into "Sigma" polyester environmental protection yarn.
  - The construction of production equipment of the Jiangsu Yangzhou Plant was completed and production began.
  - The construction of food-grade environmental protection ester granulation equipment was completed and production began.
- 2022
  - Established a Vietnamese subsidiary Shinkong Vietnam LLC.
  - Invested in the development of "Taoyuan Youth Venture Village and Smart Manufacturing Park".
  - Established a subsidiary, Shinkong Youth Co., Ltd.
  - The construction of Advanced Materials Laboratory was completed.
- 2023
  - The R-PET (recycled ester granules) has passed the review of suitability of recycled ester granule raw materials for food packaging by the Ministry of Health and Welfare.
  - ITRI, Eternal Materials Co., Ltd., Giant Group, Ho Ta Industrial Mfg. Co., Ltd. and Shinkong Synthetic Fibers jointly established "Research Innovation Capital Corporation".
  - Termination of investment in Shinkong Vietnam LLC.
  - Completion of the construction of the joint venture Shinsol Advanced Chemical Corporation



- Full stocktaking at the plant and replacement with high-efficiency motors
  - Thai Shinkong Industry Corporation's environment-friendly recycled polyester chips (cr-PET) were put into production.
  - Construction of new mr-PET production lines in the Company's Chungli Plant
  - Construction of new production lines for engineering plastics in Mainland China
  - The subsidiary, Shin Kong Vietnam Trading Co., was established.
- 2024
- Investment in the development of Taoyuan Youth Venture Village and Smart Manufacturing Park was implemented
  - Elimination and replacement of false twisting machine in Guanyin Plant

# Three. Corporate Governance Report

## I. Organization



## Introduction of Division Duties

Department	Responsibilities
Operations Decision Committee	<ol style="list-style-type: none"> <li>1. Establishment of the Company's major strategic goals for the year and other important business decisions that affect the Company's operations.</li> <li>2. Important financing plans of the Company, investment in new businesses, and reinvestment.</li> <li>3. Important strategic alliances.</li> <li>4. Significant changes in the organization of the Company and promotion, reward and punishment, and transfer of important personnel.</li> <li>5. Amendment, promulgation and implementation of the Company's Articles of Incorporation and important rules and regulations.</li> <li>6. Approval of the Company's annual operating and capital expenditure budgets.</li> <li>7. Approval of the total amount of year-end bonus and management bonus for the employees of the Company.</li> <li>8. Disposal and scrapping of the important assets.</li> </ol>
Auditing Office	<ol style="list-style-type: none"> <li>1. Establishes and executes internal control and internal audit systems.</li> <li>2. Plans and assists internal departments in the development and implementation of internal control self-assessment practices.</li> <li>3. Recommends improvements to the various controls and procedures adopted by internal departments.</li> <li>4. Ensures compliance with regulations and administrative orders.</li> </ol>
Corporate Planning & Management Department	<ol style="list-style-type: none"> <li>1. Responsible for the establishment, review, and coordination of internal control and internal audit systems across various business groups (including domestic and overseas subsidiaries).</li> <li>2. Planning and execution of IT operations.</li> </ol>
Information Division	<ol style="list-style-type: none"> <li>1. Responsible for the establishment of information strategies and policies for the entire company.</li> <li>2. Responsible for the planning and implementation of information systems within the Company.</li> </ol>
Investment Division	<ol style="list-style-type: none"> <li>1. Development, assessment, and execution of investment projects.</li> <li>2. Post-investment project management, business</li> </ol>

	consolidation, and performance evaluation.
Financial Division	<ol style="list-style-type: none"> <li>1. Establishment, execution and supervision of finance, accounting, credit management and external investment policies.</li> <li>2. Statistical analysis of product cost.</li> </ol>
Quality Management Division	<ol style="list-style-type: none"> <li>1. Collectively oversees product quality management, ongoing improvement of the quality management system, and provides supervision.</li> <li>2. Review, improvement, and tracking of customer complaints.</li> </ol>
International Marketing Department	Establishment of market exploration, product promotion, and marketing strategies.
Innovation Center	<ol style="list-style-type: none"> <li>1. Introduces new technologies, creates cluster business opportunities, and manages matters regarding collaboration with external academic institutions.</li> <li>2. Integrates resources and creates platforms for new products or new service approaches to create values.</li> <li>3. Provides technical evaluation, business strategy, and financial planning for the growth stage of innovation.</li> </ol>
Corporate Engineering Division	<ol style="list-style-type: none"> <li>1. Investment project review and verification and development of production technologies.</li> <li>2. Gathering, introduction, and R&amp;D of engineering technologies.</li> <li>3. Establishment, implementation, and examination of the engineering management system and maintenance/repair system.</li> <li>4. Establishment and implementation of engineering safety and environmental protection policies.</li> <li>5. Establishment, execution, and supervision of factory management policies.</li> <li>6. Planning, design, supervision, and trial run of new factory construction, expansion, and improvement projects.</li> <li>7. Operation and supply of equipment used at various plant sites.</li> <li>8. Operation, maintenance, and servicing of electrical systems, production equipment, and instrumentation systems used at various plant sites.</li> </ol>
Operation Headquarters	<ol style="list-style-type: none"> <li>1. Production and sales of polyester chips and engineering plastics.</li> <li>2. Production and sales of differentiated products including</li> </ol>



	polyester chips, conventional polyester filaments, polyester staple fibers, SDY, industrial yarn, POY, and polyester textured yarn.
HR Division	Establishment, execution, and supervision of human resources management policies.
Information Security Committee	Planning, monitoring and implementation of information security management operations for the information security system.
Optoelectronics Business Group	Production and sales of optical grade TAC base film, hard coat optical film material, prism materials, and optical grade PET.

## II. Directors, Supervisors, Presidents, Vice presidents, Assistant Managers, Supervisors of all Departments and Branches

### (I) Directors and independent directors

Title	Nationality or place of registration	Name	Gender	Date elected	Service term	The date first elected	Shareholdings when elected		Current shareholdings		Shares held by spouse and underage children		Shares held by proxy		Main career (academic) achievements	Concurrent duties in the Company and in other companies	Shares held by spouse and underage children			Remarks
							Shares held	Shareholdings percentage (%)	Shares held	Shareholdings percentage (%)	Shares held	Shareholdings percentage (%)	Shares held	Shareholdings percentage (%)			Title	Name	Relationship	
Chairperson	The Republic of China	Shin Kong Development Co., Ltd.	Male	2023.6.23	3 years	2008.6.13	2,794,213	0.17	2,794,213	0.17	3,514,692	0.22	—	—	PhD in Law, Harvard University, USA	Note 1	Vice Chairperson	Hsin-Chieh Wu	Father and son	None
		Representative: Tong-Sheng Wu	71~80				10,934,919	0.68	11,231,596	0.69										
Vice Chairperson	The Republic of China	Shin Kong Development Co., Ltd.	Male	"	"	2023.6.2	2,794,213	0.17	2,794,213	0.17	562,111	0.03			Columbia University, USA Department of Psychology/Department of Economics	Note 2	Chairperson	Tong-Sheng Wu	Father and son	None
		Representative: Hsin-Chieh Wu	41~50				55,102	0.00	135,869	0.01										
Director	The Republic of China	Shin Kong Development Co., Ltd.	Male	"	"	2008.6.13	2,794,213	0.17	2,794,213	0.17	200,000	0.01			Master of Accounting, Western Illinois State University	Note 3	-	-	-	None
		Representative: Tung-Ming Wu	71~80				146,972	0.01	146,972	0.01										
"	The Republic of China	Ji Zhen Co., Ltd.	Male	"	"	1996.5.4	24,137	0.00	24,137	0.00	—	—	—	—	Master of Department of Applied Physics and Materials Science, California State University, Los Angeles	Note 4	-	-	-	None
		Representative: Hsing-En Wu	41~50				—	—	—	—										
"	The Republic of China	Shinkong Co., Ltd.	Male	"	"	1984.5.8	84,414,691	5.21	84,414,691	5.21	—	—	—	—	Department of Information, University of Minnesota	Note 5	-	-	-	None
		Representative: Steve Hong	51~60				—	—	—	—										
"	The Republic of China	Tay Way Enterprise Co., Ltd.	Male	"	"	2008.6.13	1,200,043	0.07	1,200,043	0.07	—	—	—	—	Master, International Management, University of St. Thomas, USA	Note 6	-	-	-	None
		Representative: Ching-Chun Chiu	71~80				—	—	—	—										
"	The Republic of China	Tay Way Enterprise Co., Ltd.	Male	"	"	"	1,200,043	0.07	1,200,043	0.07	6,000	0.00	—	—	Department of International Trade, Feng Chia University	Note 7	-	-	-	None
		Representative: Huoo-Tzau Shih	71~80				66,849	0.00	66,849	0.00										

"	The Republic of China	Mian Hao Enterprise Co., Ltd.	Male	"	"	2002.6.20	1,226,456	0.08	1,226,456	0.08	—	—	—	—	Department of Mechanical Engineering, National Cheng Kung University	Note 8	-	-	-	None
		Representative: Sun-Mo Ni	71~80				41,489	0.00	68,489	0.00										
Director	The Republic of China	Shin Kong Wu Ho-Su Cultural & Educational Foundation	Male	"	"	2005.6.20	60,442	0.00	60,442	0.00	11,040	0.00	—	—	Department of Administration, National Chung Hsing University	Note 9	—	—	—	None
		Representative: Jung-Chi, Liu	81~90				1,633	0.00	1,633	0.00										
Independent Director	The Republic of China	Hsien-Der Chiu	Male 71~80	2023.6.2.	3 years	2014.5.29	—	—	—	—	1,290	0.00	—	—	Department of Law, National Taiwan University	Note 10	—	—	—	None
Independent Director	The Republic of China	Huei-Huang Lin	Male 71~80	"	"	2020.5.28	—	—	—	—	—	—	—	—	Juris Doctor, Duke University, USA	Note 11	—	—	—	None
Independent Director	The Republic of China	Yung-Ching Tsai	Male 71~80	"	"	2014.5.29	—	—	—	—	—	—	—	—	Department of Insurance and Financial Management, Takming University of Science and Technology	Note 12	—	—	—	None

- Note: 1. Shinkong Materials Technology Co., Ltd. - Chairperson; UBright Optonics Corporation - Director; TacBright Optonics Corporation - Chairperson; Shinkong Insurance Co. Ltd. - Director; Shinkong Mitsukoshi Department Store Co., Ltd. - Chairperson; Shinkong International Leasing Corp. - Director; Shinkong Technologies Corporation - Chairperson.
2. UBRIGHT OPTRONICS CORPORATION - President; Shinkong Materials Technology Co., Ltd. - Director; Zacros Taiwan Co., Ltd - Director.
3. Fuhbic International Corp. - Chairperson; WeMo Corp.- Chairperson; Shinkong Co., Ltd. - Director; Shin Kong Recreation Co., Ltd. - Supervisor; Wang Tien Woolen Textile Co., Ltd. - Director; Shin Kong Chao Feng Co., Ltd. - Supervisor; San Fu Chemical Co Ltd. - Independent Director, Tairoun Products Co., Ltd. - Independent Director, Vice Chairperson of Shin Kong Financial Holding Co., Ltd.
4. Shinkong Textile Co., Ltd. - Chairperson; Shinkong Asset Management Co., Ltd. - Chairperson, Director of Worthy Textile Industry Co., Ltd.
5. Han Ling Construction Co., Ltd. - Chairperson; Han Shan Construction Co., Ltd. - Chairperson; Jiubing Industrial Co., Ltd. – Chairperson, Chairperson of Qi Sheng Enterprise Co., Ltd..
6. The World Hakka Federation - Chairman; Taiwan Land Development Corporation - Independent Director; Hsinchu Gas Co., Ltd. - Director (new); Taiwan Flower Biotechnology Co., Ltd. - Supervisor.
7. TacBright Optonics Corporation - President; UBright Optonics Corporation - Director.
8. Shin Kong Wu Ho-Su Memorial Hospital - Consultant.
9. Shin Kong Wu Ho-Su Memorial Hospital - Consultant.
10. Xin Hong Construction Co., Ltd. - Chairperson.
11. Full-time visiting professor of Law School, Shih Hsin University, Adjunct Professor at National Taipei University Department of Law, Chair Professor of Law and Commerce, Soochow University, Chairperson of Hefeng Media Investment Co., Ltd., Director of Asia Satellite TV Co., Ltd.
12. Consultant of Shin Kong Chao Feng Co., Ltd. - Consultant; U- Human Resources Consulting Co., Ltd. - Director; Chia Pang Investment Co., Ltd. - Vice President.



## 2. Major shareholders of corporate shareholders

April 1, 2024

Name of corporate shareholder	Major shareholders of corporate shareholders	
	Name	Shareholding percentage
Shin Kong Development Co., Ltd.	Teh Liang Co., Ltd.	49.86%
	Teh Shih Enterprise Co., Ltd.	49.81%
	Tong-Sheng Wu	0.33%
Ji Zhen Co., Ltd.	Cheng Cheng Co., Ltd.	41.546%
	Cheng Qian Co., Ltd.	40.207%
	Ci Qing Co., Ltd.	18.245%
	Ruo-Nan Sun	0.001%
	Tung-Hsien Wu	0.001%
	Hsin-Hung Wu	-
	Hsing-En Wu	-
Shinkong Co., Ltd.	Ner Victory Company Ltd.	42.65%
	Taiwan Union Corporation	4.75%
	Swiss Grand Hotel Co., Ltd.	4.66%
	Lin Teng Shan Social Welfare Foundation	3.94%
	Hsin Cheng Investment Co., Ltd.	3.51%
	Ji Zhen Co., Ltd.	3.39%
	Tung Hsing Investment Co., Ltd.	3.37%
	Hung Family Enterprise Co., Ltd.	3.34%
	C. International Co., Ltd	2.88%
	Chi Jian Industrial Co., Ltd.	1.99%
Tay Way Enterprise Co., Ltd.	Hung Chieh Investment Co., Ltd.	99.70%
	Tong-Sheng Wu	0.04%
	Zhao-Chen Wu	0.04%
	Hsin-Chieh Wu	0.04%
	Hsin-Yue Wu	0.18%
Mian Hao Enterprise Co., Ltd.	Tung-Chin Wu	26.58%
	Tung Yue Enterprise Co., Ltd.	19.80%
	Hsin Yun Enterprise Co., Ltd.	19.80%
	Hsin Lung Chemical Co., Ltd.	19.80%
	Peng Lai Co., Ltd.	11.67%
Shin Kong Wu Ho-Su Cultural & Educational Foundation	Tung-Chin Wu	50.00%
	Hsian-Hsian Hsu	50.00%



## 3. Key shareholders of major corporate shareholders

April 1, 2024

Name of corporate entity	Corporate entity's major shareholders	
	Name	Shareholding percentage
Teh Liang Co., Ltd.	Tay Jay Enterprise Co., Ltd.	90.89%
	Hsing-Hua Ho	0.87%
	Hsin-Chieh Wu	6.79%
	Hsin-Yue Wu	0.97%
	Zhao-Hong Wu	0.24%
	Zhao-Wei Wu	0.24%
Teh Shih Enterprise Co., Ltd.	Tay Way Enterprise Co., Ltd.	90.24%
	Tong-Sheng Wu	0.07%
	Zhao-Chen Wu	0.07%
	Hsin-Chieh Wu	0.10%
	Hsin-Yue Wu	9.52%
Cheng Cheng Co., Ltd.	Yong Le Co., Ltd.	33.33%
	Quan Neng Co., Ltd.	33.33%
	Huan Sung Co., Ltd.	33.33%
Cheng Qian Co., Ltd.	Fully Fabric Co., Ltd.	50.00%
	Foryote Fabric Co., Ltd.	50.00%
Tzi Ching Co., Ltd.	Ruo-Nan Sun	92.59%
	Tung-Hsien Wu	7.41%
NER VICTORY COMPANY LTD.	Hsin Cheng Investment Co., Ltd.	10.80%
	Yi Kuang Enterprise Co., Ltd.	10.38%
	Taiwan Union Corporation	8.44%
	Ji Zhen Co., Ltd.	7.92%
	Steve Hong	7.17%
	Shin Kong International Investment Co., Ltd.	7.03%
Taiwan Union Corporation	Hsin-Yen Wu	15.11%
	Mei-Fen Lu	15.01%
	Tung-Sheng Wu	13.34%
	Hsin-Mao Wu	12.81%
	Hsin-Tung Wu	7.97%
	Hsin-Rong Wu	7.83%
	Ming-Ying Wu Wang	7.18%
	Tung-Chuan Wu	6.60%
	Li-Fang Wei	6.21%
	Xin-Ni Wu	2.92%
Swiss Grand Hotel Co., Ltd.	Tung Hsing Investment Co., Ltd.	16.32%

Name of corporate entity	Corporate entity's major shareholders	
	Name	Shareholding percentage
	Yuan Hao Industrial Co., Ltd. Yuan Chi Investment Co., Ltd. Hsin Ming Enterprise Co., Ltd. Hsin Pei Corp. Ru-Hsing Wu Ru-Hsueh Wu Ru-Shu Li Wu Hsing Yuan Investment Co., Ltd. Hsing Yun Investment Co., Ltd. Hsing Chi Investment Co., Ltd.	12.64% 12.63% 12.11% 12.11% 8.04% 8.04% 8.04% 2.63% 2.63% 2.63%
Lin Teng Shan Social Welfare Foundation	Lin Teng-Shan Social Welfare Foundation	100.00%
Hsin Cheng Investment Co., Ltd.	Tung-Chin Wu Hsin-Tung Wu	99.93% 0.07%
Ji Zhen Co., Ltd.	Cheng Cheng Co., Ltd. Cheng Qian Co., Ltd. Tzi Ching Co., Ltd. Ruo-Nan Sun Tung-Hsien Wu Hsin-Hung Wu Hsing-En Wu	41.546% 40.207% 18.245% 0.001% 0.001% - -
Tung Hsing Investment Co., Ltd.	Hsing Yuan Investment Co., Ltd. Hsing Yun Investment Co., Ltd. Hsing Chi Investment Co., Ltd. Crown Tree Enterprise Co., Ltd. Xinxing Industrial Co., Ltd. Tung-Hsing Wu Xin Li Industrial Co., Ltd. Xin Cheng Industrial Co., Ltd.	18.77% 18.77% 18.77% 11.78% 8.43% 6.61% 6.54% 6.54%
Hung Family Enterprise Co., Ltd.	Wenshi Business Consulting Co., Ltd. Shih-Ching Hung Jia-Xi Hong Shih-Chi Hung	50.50% 10.00% 10.00% 0.50%
C. International Co., Ltd	Wenshi Business Consulting Co., Ltd. Value International Co., Ltd.	69.90% 29.90%
Qi Jian Enterprise Co., Ltd.	Qi Sheng Enterprise Co., Ltd.	100.00%



Name of corporate entity	Corporate entity's major shareholders	
	Name	Shareholding percentage
Hung Chieh Investment Co., Ltd.	Teh Shih Enterprise Co., Ltd.	90.14%
	Tong-Sheng Wu	2.81%
	Hsin-Chieh Wu	2.82%
	Hsin-Yue Wu	2.82%
	Zhao-Chen Wu	0.99%
	Zhao-Ti Wu	0.42%
Tung Yue Enterprise Co., Ltd.	Hsin Yun Enterprise Co., Ltd.	19.95%
	Mian Hao Enterprise Co., Ltd.	19.95%
	Star Thomas Corporation	19.95%
	Po Feng Enterprise Co., Ltd.	9.34%
	Hung Tai Investment Co., Ltd.	10.61%
	Po Wei Investment Co., Ltd.	12.63%
	Ying Ying Investment Co., Ltd.	7.57%
Hsin Yun Enterprise Co., Ltd.	Tung-Chin Wu	19.86%
	Star Thomas Corporation	19.80%
	Hsin Lung Chemical Co., Ltd.	19.80%
	Hung Hsin Enterprise Co., Ltd.	19.80%
	Peng Lai Co., Ltd.	17.20%
	Thomas T.L. Wu	2.00%
	Ji Zhen Co., Ltd.	0.94%
	Tung-Ming Wu	0.60%
Hsin Lung Chemical Co., Ltd.	Pan Asian Plastics Corp.	93.80%
	Chao-Nan Ku	6.20%
Peng Lai Co., Ltd.	Ying Ying Investment Co., Ltd.	99.91%
	Tung-Chin Wu	0.09%

4. Disclosure of professional qualifications of directors and independent directors and independence of independent directors

(1) Professional qualifications and experience of Independent Directors

Criteria Name	Professional qualifications and experience
Chairperson Tong-Sheng Wu	Chairperson of Shinkong Synthetic Fibers Corp. Chairperson of Shinkong Mitsukoshi Department Store Co., Ltd. Chairperson of UBright Optronics Corp. (UBO) Chairperson of Shinkong Materials Technology Co., Ltd. Chairperson of Shinkong Technologies Corporation (SKT) Chairperson of Shinkong International Leasing Corp. Chairperson of Shinkong Engineering Co., Ltd. Chairperson of TacBright Optronics Corporation (TBO) Director of Shinkong Insurance Co. Ltd. Director of Taiwan Cement Ltd. More than 5 years of commercial, legal, finance or other work experiences required to perform the assigned duties. Does not meet any of the conditions stated in Article 30 of The Company Act.
Vice Chairperson Hsin-Chieh Wu	Vice Chairperson of Shinkong Synthetic Fibers Corp. Chairperson of UBright Optronics Corp. (UBO) Specialist, Asset Management Department, Citibank, USA Section Chief, President's Office, TacBright Optronics Corporation (TBO) More than 5 years of commercial, legal, finance or other work experiences required to perform the assigned duties. Does not meet any of the conditions stated in Article 30 of The Company Act.
Director Tung-Ming Wu	Director of Shinkong Synthetic Fibers Corp. Chairperson of Fuhbic International Corp. Chairperson of WeMo Corp. Chairperson of Hsinli Industrial Co., Ltd. Chairperson of Xinming Industrial Co., Ltd. Vice Chairperson of Shin Kong Financial Holding Co., Ltd. Independent Director of San Fu Chemical Co Ltd. Independent Director of Tairoun Products Co Ltd. More than 5 years of commercial, finance, accounting or other work experiences required to perform the assigned duties. Does not meet any of the conditions stated in Article 30 of The Company Act.



Criteria Name	Professional qualifications and experience
Director Hsing-En Wu	Chairperson of Shin Kong Textile Co., Ltd. Chairperson of Shin Kong Asset Management Co., Ltd. Genefluidics Inc. Director & Project Manager More than 5 years of commercial, financial or other work experiences required to perform the assigned duties Does not meet any of the conditions stated in Article 30 of The Company Act.
Director Steve Hong	Director of Shin Kong Life Insurance Co., Ltd. Director of Shinkong Synthetic Fibers Corp. Director of Shinkong Co., Ltd. Chairperson of Han Ling Construction Co., Ltd. Chairperson of Rui Hong Financial Consultant Co., Ltd. Chairperson of Rui Hong Investment Co., Ltd. Director of Shin Kong Financial Holdings Director of Shinkong Insurance Co. Ltd. Chairperson of Han Shan Construction Co., Ltd. More than 5 years of commercial, financial or other work experiences required to perform the assigned duties Does not meet any of the conditions stated in Article 30 of The Company Act.
Director Ching-Chun Chiu	President of Hakka World 16th-17th County Mayor of Hsinchu 4th-7th legislator Member of the 9th to 10thParliament Chairperson of Taiwan Fluorescent Lamp Co., Ltd. Chairperson of Hsinchu County Gas Co., Ltd Independent Director of Taiwan Land Development Corporation Director of Hsinchu County Gas Co., Ltd More than 5 years of commercial, legal or other work experiences required to perform the assigned duties Does not meet any of the conditions stated in Article 30 of The Company Act.
Director Huoo-Tzau Shih	Chairperson of TacBright Optronics Corporation (TBO) Chairperson of SBright Optronics Corporation President of TacBright Optronics Corporation President of Shinpont Industry Inc. President of Pan Asian Plastics Corp. Resident Director of UBright Optronics Corp.

Name	Criteria Professional qualifications and experience
	<p>Vice Chairperson and President of Hangzhou Huachun Chemical Fiber Co., Ltd. (HJC)</p> <p>Chairperson of SBright Optronics Corporation</p> <p>Managing Director of Lofu Holding</p> <p>More than 5 years of commercial, financial or other work experiences required to perform the assigned duties</p> <p>Does not meet any of the conditions stated in Article 30 of The Company Act.</p>
<p>Director Jung-Chi Liu</p>	<p>Consultant of Shin Kong Wu Ho-Su Memorial Hospital</p> <p>Director of Shinkong Synthetic Fibers Corp.</p> <p>Assistant Vice President of Shinkong Synthetic Fibers Corp.</p> <p>President of Hangzhou Huachun Chemical Fiber Co., Ltd. (HJC)</p> <p>More than 5 years of commercial, financial or other work experiences required to perform the assigned duties</p> <p>Does not meet any of the conditions stated in Article 30 of The Company Act.</p>
<p>Director Sun-Mo Ni</p>	<p>Consultant of Shin Kong Wu Ho-Su Memorial Hospital</p> <p>Director of Shinkong Synthetic Fibers Corp.</p> <p>President of Shinkong Synthetic Fibers Corp.</p> <p>Thai Shinkong Industry Corporation Ltd. - President</p> <p>More than 5 years of commercial, financial or other work experiences required to perform the assigned duties</p> <p>Does not meet any of the conditions stated in Article 30 of The Company Act.</p>
<p>Independent Director Hsien-Der Chiu</p>	<p>Professional qualification: Lawyer</p> <p>Experience:</p> <p>Independent Director of Shinkong Synthetic Fibers Corp.</p> <p>Chairperson of Xin Hong Construction Co., Ltd.</p> <p>Practicing lawyer</p> <p>More than 5 years of legal or other work experiences required to perform the assigned duties, is a lawyer and is certified by the national examination with a certificate awarded.</p> <p>Does not meet any of the conditions stated in Article 30 of The Company Act.</p>
<p>Independent Director Huei-Huang Lin</p>	<p>Professional qualification: Legal Affairs</p> <p>Experience:</p> <p>Independent Director of Shinkong Synthetic Fibers Corp.</p> <p>Chairperson of Hefeng Media Investment Co., Ltd.</p> <p>Director of Asia Digital Media Co.Ltd.</p>



Criteria Name	Professional qualifications and experience
	<p>Full-time visiting professor of Law School, Shih Hsin University  Adjunct Professor, National Taipei University Department of Law  Chair Professor of Law and Commerce, Soochow University  Political Deputy Minister of the Ministry of Justice  Chief prosecutor of supreme prosecutor's office  Director of the Training Institute for Judges and Prosecutors, Ministry of Justice  Director of Division of Protection, Ministry of Justice  Prosecutor General of the Prosecutor's office of Hualien District Court, Taiwan  Prosecutor General of the Prosecutor's office of Penghu District Court, Taiwan  More than 5 years of legal or other work experiences required to perform the assigned duties, is a prosecutor and is certified by the national examination with a certificate awarded; and is a lecturer of a public and private college or university in a relevant department required by the Company's business.  Does not meet any of the conditions stated in Article 30 of The Company Act.</p>
Independent Director Yung-Ching Tsai	<p>Professional qualification: Finance  Experience:  Independent Director of Shinkong Synthetic Fibers Corp.  Consultant of Shin Kong Chao Feng Co., Ltd.  Director of U-P Human Resources Consulting Co., Ltd.  Vice-President of Chia Pang Investment Co., Ltd.  Manager of Finance Department of Shin Kong Life Insurance  Assistant Vice President of General Affairs Department of Shin Kong Life Insurance  Director  Independent director of Advanced Green Biotechnology Inc.  More than 5 years of commercial, finance, accounting or other work experiences required to perform the assigned duties.  Does not meet any of the conditions stated in Article 30 of The Company Act.</p>

## (2) Independence status of Directors and Independent Directors

Name	Criteria	Independence situation	Number of positions as independent director in other public companies
Director Tong-Sheng Wu		Non-independence situation	0
Director Hsin-Chieh Wu			0
Director Tung-Ming Wu			2
Director Hsing-En Wu			0
Director Steve Hong			0
Director Ching-Chun Chiu			1
Director Huoo-Tzau Shih			0
Director Jung-Chi Liu			0
Director Sun-Mo Ni			0
Independent Director Hsien-Der Chiu	✓	Whether the person, his/her spouse or second-tier relatives (or in the name of others) are directors, supervisors or employees of the company or its affiliated enterprises: No.	0
Independent Director Huei-Huang Lin	✓	Percentage of shareholding in the Company: 0%	0
Independent Director Yung-Ching Tsai	✓	Whether the person is a director, supervisor or employee of a company with a specific relationship with the company: No. Amount of remuneration received for providing business, legal, financial, accounting and other services of the Company or its affiliated enterprises in the last two years: None.	0

## 5. Diversity and independence of the board of directors

### (1) Diversity of the board of directors:

- A. The Company has established a policy of board diversity and specific management goals: Article 20 (Capabilities that the Board of Directors should have as a whole) of the



Company's "Corporate Governance Best-Practice Principles" states:

The composition of the board of directors shall take diversity into consideration. Except that the number of the directors serving concurrently as the managerial officers of the Company shall not exceed one-third of the number of director seats. the board shall develop an appropriate policy for diversification in consideration of its operation, business pattern, and development needs. It is advisable to include, but not limited to, the standards for the following two major aspects:

- a. Basic conditions and values: gender, age, nationality and culture, etc.
- b. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industrial experience.

B. Members of the board of directors shall generally possess the necessary knowledge, skills, and literacy to perform their duties. In order to achieve the ideal goal of corporate governance, the board of directors as a whole shall have the following capabilities:

- (1) Operational judgment ability
- (2) accounting and financial analysis ability
- (3) operation and management ability
- (4) crisis management ability
- (5) industry knowledge
- (6) international market outlook
- (7) leadership ability
- (8) decision-making ability.

The specific management objectives of the Company's diversification policy and the achievement are as follows:

Management Goals	Status of Achievement
Set up at least three seats of independent directors	Achieved
Among the independent directors, at least one holds the qualifications of certified public accountant, finance, or business administration	Achieved
The number of directors who also serve as the Company's managerial officers does not exceed one-third of the total number of directors	Achieved

(2) Current achievement status of board diversity:

A. Basic conditions and values: gender, age, nationality and culture, etc.

The Company's Board of Directors consists of 12 seats, including 3 independent directors and 9 non-independent directors. All directors hold esteemed reputations within the industry. The Company prioritizes gender equality in its board composition, yet nominating suitable female director candidates has proven challenging. In the upcoming board election, our aim is to achieve a minimum female representation of 16% (equivalent to 2 positions), with efforts directed towards increasing the number of female directors.

B. Professional knowledge and skills: professional background, professional skills and industrial experience

a. General board members:

PhD in Law, Harvard University, USA; Department of Psychology/Economics, Columbia University, USA.; Master of Accounting, Western Illinois State University.; Master of Department of Applied Physics and Materials Science, California State University, Los Angeles; Department of Information, University of Minnesota; Master of International Business Management, University of St. Thomas, USA; Department of International Trade, Feng Chia University; Department of Mechanical Engineering, National Cheng Kung University; Department of Public Administration, National Chung Hsing University; and other professional backgrounds, professional skills and industrial experience.

b. Independent directors:

Consisted of members with professional backgrounds and professional skills, such as the Department of Law, National Taiwan University; Juris Doctor, Duke University, USA; and Department of Insurance and Financial Management, Takming University of Science and Technology.

c. Please refer to the following table for the basic composition and professional competence of board members.



## (II) Independence of the board of directors:

Among the board members, except for Chairperson Tong-Sheng Wu and Vice Chairperson Hsin-Chieh Wu who are father and son, there are three independent directors, which meets the requirement in paragraph 1, Article 14-2 and paragraph 3, Article 26-3 of the Securities and Exchange Act that the number of independent directors shall not be less than two or one-fifth of the total number of directors. In addition, no more than half of the directors shall have a relationship of spouse or relative within the second degree of kinship.

March 31, 2024

Diversified core Name of director		Basic composition									Industry experience						Professional ability		
		Gender	Age					Term of office and seniority as an independent director			Manufacturing	Finance	Purchase and marketing	Banking and insurance and real estate	Business management	Information and technology	Law	Finance and accounting	Risk management
			40 ~ 50 years old	51 ~ 60 years old	61 ~ 70 years old	71 ~ 80 years old	81 ~ 90 years old	Less than 3 years	3 ~ 6 years	6 ~ 9 years									
Chairperson Tong-Sheng Wu	The Republic of China	Male				√					√	√		√	√	√	√	√	√
Vice Chairperson Hsin-Chieh Wu	The Republic of China	Male	√								√	√	√	√	√	√		√	√
Director Tung-Ming Wu	The Republic of China	Male				√					√	√	√		√			√	√
Director Steve Hong	The Republic of China	Male		√								√		√	√	√		√	√
Director Ching-Chun Chiu	The Republic	Male				√					√				√				√

Diversified core  Name of director	Basic composition										Industry experience						Professional ability		
	Nationality	Gender	Age					Term of office and seniority as an independent director			Manufacturing	Finance	Purchase and marketing	Banking and insurance and real estate	Business management	Information and technology	Law	Finance and accounting	Risk management
			40 ~ 50 years old	51 ~ 60 years old	61 ~ 70 years old	71 ~ 80 years old	81 ~ 90 years old	Less than 3 years	3 ~ 6 years	6 ~ 9 years									
	of China																		
Director Hsing-En Wu	The Republic of China	Male	√								√	√	√	√	√			√	√
Director Huoo-Tzau Shih	The Republic of China	Male				√					√		√		√			√	√
Director Jung-Chi Liu	The Republic of China	Male					√				√		√		√			√	√
Director Sun-Mo Ni	The Republic of China	Male				√					√		√		√			√	√
Independent Director Hsien-Der Chiu	The Republic of China	Male				√				√	√			√	√		√		√
Independent Director Huei-Huang Lin	The Republic of China	Male				√			√						√		√		√
Independent Director Yung-Ching Tsai	The Republic of China	Male				√				√		√		√	√			√	√

## (2) Information of Presidents, Vice Presidents, Assistant Managers, and the heads of various departments and branches

April 1, 2024

Title	Nationality	Name	Gender	Onboard Date	Shares held		Shares held by spouse and underage children		Shares held by proxy		Main career (academic) achievements	Concurrent positions in other companies	Spouse or relatives of second degree or closer acting as managers			Remarks
					Shares held	Shareholding percentage	Shares held	Shareholding percentage	Shares held	Shareholding percentage			Title	Name	Relationship	
Vice Chairman of Operations Decision Committee	The Republic of China	Shyr-Shyuan Luo	Male	2022.03.14	2,264,759	0.14%	-	-	-	-	Bachelor of Applied Chemistry, Feng Chia University	Note 1	—	—	—	None
President and Director of Corporate Planning & Management Department	The Republic of China	Chin-Ta Ou	Male	2022.03.14	253,000	0.02%	-	-	-	-	Master of Mechanical Engineering, National Central University	Note 2	—	—	—	Note 2
Executive Vice President and head of Material Department	The Republic of China	Chin-Chang Cheng	Male	2015.01.01	624,539	0.04%	-	-	-	-	Master's of Textile Engineering, Feng Chia University	Note 3	—	—	—	Note 3
Vice President of Investment Division	The Republic of China	Chih Lung Hsiao	Male	2016.02.01	2,528	0.00%	—	—	-	-	MBA in Finance, National Taipei University	Note 4	—	—	—	None
CTO, Chairperson's Office	The Republic of China	14559	Male	2016.02.16	198,135	0.01%	—	—	-	-	Doctor in School of Polymer Science and Textile, Clemson University	-	—	—	—	None
Vice President of Operation Headquarters	The Republic of China	Yao-ding Lee	Male	2015.01.01	640,614	0.04%	5,277	0.00%	-	-	Pittsburgh State University Master's of Human Resources	Note 5	—	—	—	None
Assistant Vice President, PET Resin Division	The Republic of China	Chao-Jung Hsu	Male	2015.01.01	181,920	0.01%	—	—	-	-	MBA, University of Mississippi	—	—	—	—	None
Assistant Vice President, Financial Department	The Republic of China	Chen Chia Wen	Female	2015.05.12	54,107	0.00%	—	—	-	-	Master's of MIS, University of Texas	Note 6	—	—	—	Note 6



Head of Financial Department	The Republic of China	Hsin-Chang Lin	Male	2023.03.01	71,243	0.00%	—	—	-	-	Bachelor of Money and Banking, National Kaohsiung First University of Science And Technology	Note 7	—	—	—	Note 7
Senior Specialist of Corporate Planning & Management Department	The Republic of China	Yu-Lin Hsu	Male	2020.05.01	169,094	0.01%	1,000	0.00%	-	-	Master of Business Administration, Chung Yuan Christian University	—	—	—	—	Note 8
Chief Factory Director of the Corporate Engineering Division	The Republic of China	Chun-Shu Peng	Male	2022.03.14	155,008	0.01%	—	—	-	-	Bachelor of Chemical Engineering, National Taiwan University	-	—	—	—	None
Assistant Vice President, Long Fiber Division	The Republic of China	Ping-Yi Hu	Male	2022.05.05	105,289	0.01%					Bachelor, Fiber Department, Feng Chia University	Note 9				None
AVP of Advanced Materials Division	The Republic of China	Yao Xing	Male	2022.05.05	117,853	0.01%					Bachelor of Chemical Engineering, National Central University	Note 10				None

Note 1: Shinkong Youth Co., Ltd. - Chairperson.

Note 2: Pan Asian Plastics Corp. - Chairperson; Pan Asian Plastics Industry Corporation - Chairperson; Shinkong Engineering Co., Ltd. - Chairperson; Thai Shinkong Industry Corporation Ltd. - Director; DaySpring Limited - Director; Chairperson of Shinpont Industries Inc.. Severing concurrently as the Director of Corporate Planning & Management Department since September 16, 2023.

Note 3: Shinpont Industry Inc. - Director; DaySpring Limited - Director. Retired on November 12, 2023, and the shareholding is as of November 30, 2023.

Note 4: Director, Hsingshing Investment Co., Ltd; Director, Hsinshin Asset Management Co., Ltd.; Chairperson, Shinkong International Leasing Corp.; Director, Shin Chiun Industrial Co., Ltd.; Supervisor, Hsin Lung Chemical Co., Ltd.; Chairperson, Otobuy Co., Ltd.; Chairperson, Shinkong Power Technology Co., Ltd.; Chairperson, Chi Teng Construction Co., Ltd.; Chairperson, Shinkong Energy Corporation; Chairperson, Jin Liang Power Service Co., Ltd.; Chairperson, Shin Kong Fintech Co., Ltd., Chairperson of He Chuang Energy Technology Co., Ltd., and Chairperson of iMedical Data Co., Ltd.

Note 5: TacBright Optonics Corporation - Director.

Note 6: Supervisor of Shinkong Applied Materials Co., Ltd. Retired on March 1, 2023, and the shareholding is as of March 31, 2023.

Note 7: Shin Chiun Industrial Co., Ltd. - Director; Hsin Chien Industrial Co., Ltd. - Supervisor; Hsinshin Asset Management Co., Ltd. - Supervisor; Hsingshing Investment Co., Ltd - Supervisor; Hsin Lung Chemical Co., Ltd. - Director; Shinkong Technologies Corporation - Supervisor; Shinkong Innovations Co., LTD - Director; Shinkong International Leasing Corp. - Supervisor; Shinpont Industry Inc. - Supervisor; Overseas Investment & Development Corp. - Director. Originally the Accounting Division Manager, and was promoted to Director of Finance and Accounting Department and concurrent Accounting Division Manager on March 1, 2023. Serving concurrently as the Accounting Department Manager since May 10, 2023.

Note 8: Serving as the spokesperson of the Company since March 1, 2023. Transferred to the position as the Senior Specialist of Corporate Planning & Management Department and the spokesperson of the Company on September 16, 2023.

Note 9: President of Shinpont Industry Inc, Chairperson of SHINKONG VIETNAM ENTERPRISE COMPANY LIMITED.

Note 10: Director of Shinkong Applied Materials (Jiangsu) Co. Ltd.

### (III) Remuneration paid to directors, independent directors, the President, and vice presidents in the last year

#### 1. Remuneration of general directors and independent directors

December 31, 2023; Unit: NT\$ thousand; %

Title	Name	Director remuneration								The total amount of items A, B, C and D and their proportion in net profit after tax		Remuneration received as an employee who is serving concurrently								The total amount of items A, B, C, D, E, F and G and their proportion in net profit after tax		Remuneration from invested businesses other than subsidiaries or the parent company
		Remuneration (A)		Pension (B)		Director remuneration (C)		Fees for services rendered (D)				Salaries, bonuses, special allowances etc (E)		Pension (F)		Employee remuneration (G)						
																The Company		All companies included in the financial statements				
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
Director	Representative of Shin Kong Development Corp.: Tong-Sheng Wu	300	300					40	70	340 / 0.0445	370 / 0.0484	10,145	10,145	295	295					10,780 / 1.4102	10,810 / 1.4142	None
	Representative of Shin Kong Development Corp.: Tung-Ming Wu	1,635	1,635	19	19			519	519	2,173 / 0.2843	2,173 / 0.2843		526							2,173 / 0.2843	2,699 / 0.3531	None
	Representative of Shin Kong Development Corp.: Hsiu-Mei, Wang Chen (Note 1)	160	160					15	15	175 / 0.0230	175 / 0.0230									175 / 0.0230	175 / 0.0230	None
	Representative of Shin Kong Development Corp.: Hsin-Chieh Wu (Note 1)	360	360	35	35			36	36	431 / 0.0563	431 / 0.0563	639	2,297	86	86					1,156 / 0.1512	2,814 / 0.3681	None
	Representative of Tay Way Enterprise Co., Ltd.: Huoo-Tzau Shih	300	300					40	76	340 / 0.0445	376 / 0.0492	1,157	7,468		109					1,497 / 0.1958	7,953 / 1.0403	None
	Representative of Tay Way Enterprise Co., Ltd.: Ching-Chun Chiu	300	300					40	40	340 / 0.0445	340 / 0.0445									340 / 0.0445	340 / 0.0445	None
	Representative of Ji Zhen Co., Ltd.: Hsing-En Wu (Note 2)	300	300					40	40	340 / 0.0445	340 / 0.0445									340 / 0.0445	340 / 0.0445	None



Title	Name	Director remuneration								The total amount of items A, B, C and D and their proportion in net profit after tax		Remuneration received as an employee who is serving concurrently								The total amount of items A, B, C, D, E, F and G and their proportion in net profit after tax		Remuneration from invested businesses other than subsidiaries or the parent company
		Remuneration (A)		Pension (B)		Director remuneration (C)		Fees for services rendered (D)				Salaries, bonuses, special allowances etc (E)		Pension (F)		Employee remuneration (G)						
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
																Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
	Taiwan Shinkong Co., Ltd. Representative: Steve Hong	300	300					40	40	340 / 0.0445	340 / 0.0445									340 / 0.0445	340 / 0.0445	None
	Representative of Mian Hao Enterprise Co., Ltd.: Sun-Mo Ni	300	300					40	40	340 / 0.0445	340 / 0.0445									340 / 0.0445	340 / 0.0445	None
	Shin Kong Wu Ho-Su Cultural & Educational Foundatio Representative: Jung Chi Liu	300	300					40	40	340 / 0.0445	340 / 0.0445									340 / 0.0445	340 / 0.0445	None
Independent Director	Hsien-Der Chiu	451	451					40	40	491 / 0.0642	491 / 0.0642									491 / 0.0642	491 / 0.0642	None
	Yung-Ching Tsai	451	451					40	40	491 / 0.0642	491 / 0.0642									491 / 0.0642	491 / 0.0642	None
	Huei-Huang Lin	451	451					40	40	491 / 0.0642	491 / 0.0642									491 / 0.0642	491 / 0.0642	None

- Please describe the independent directors' remuneration policy, system, standards, and structure, and explain the factors including the independent directors' duties, risks, and invested time connecting to the remuneration amount: The Company sets remuneration to our general directors and independent directors based on operating conditions, and we take reference of the peers and the risks of their duties.
- Except as disclosed in the table above, the remuneration received by the Company's directors for their services (such as serving as consultants for non-employees of all companies/reinvestment enterprises of the parent company/in the financial report) in the most recent year: No such situation for general directors and independent directors.

Note 1: Hsiu-Mei, Wang Chen relieved of duty on June 2, 2023; Hsin-Chieh Wu assumed office on June 2, 2023.

Note 2: Hsing-En Wu served as the representative of Jhin Hsien Investment Co., Ltd. until June 1, 2023.

Note 3: The compensation paid to four drivers was NT\$2,995 thousand.

## 2. Remuneration to the President and vice presidents

December 31, 2023; Unit: NT\$ thousand; %

Title	Name	Salary (A)		Pension (B)		Bonus and special allowances, etc.(C)		Employee remuneration (D)				The total amount of items A, B, C and D and their proportion in net profit after tax		Remuneration from invested businesses other than subsidiaries or the parent company
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
CEO	Tong-Sheng Wu	14,939	15,180	1,492	1,492	26,289	32,489	289	-	771	-	43,009/5.6264	49,932/6.5321	None
Vice Chairman	Shyr-Shyuan Luo													
President	Chin-Ta Ou													
Vice President	Chih-Lung Hsiao													
Vice President	Yao-Ding Lee													
Executive Vice President	Chin-Chang Cheng (Note 1)													
CTO	Kou-Tai Tsou													

Note1: Retired on November 12, 2023

Note 2: The compensation paid to three drivers was NT\$3,060 thousand.



## 2-1. Remuneration bracket table

Range of remuneration to the Company's President and vice presidents	Name of President and vice presidents	
	The Company	All companies included in the financial statements
Below NT\$1,000,000		
NT\$1,000,000 (inclusive) - NT\$2,000,000 (non-inclusive)		
NT\$2,000,000 (inclusive) - NT\$3,500,000 (non-inclusive)	Chih Lung Hsiao	
NT\$3,500,000 (inclusive) - NT\$5,000,000 (non-inclusive)	Kou-Tai Tsou	Kou-Tai Tsou
NT\$ 5,000,000 (inclusive) ~ NT\$ 10,000,000 (non-inclusive)	Shyr-Shyuan Luo, Chin-Ta Ou, Chin-Chang Cheng, Yao-ding Lee	Shyr-Shyuan Luo, Chin-Ta Ou, Chin-Chang Cheng, Chih-Lung Hsiao, Yao-ding Lee
NT\$ 10,000,000 (inclusive) ~ NT\$ 15,000,000 (non-inclusive)	Tong-Sheng Wu	Tong-Sheng Wu
NT\$ 15,000,000 (inclusive) ~ NT\$ 30,000,000 (non-inclusive)		
NT\$ 30,000,000 (inclusive) ~ NT\$ 50,000,000 (non-inclusive)		
NT\$ 50,000,000 (inclusive) ~ NT\$ 100,000,000 (non-inclusive)		
NT\$ 100,000,000 and above		
Total	7	7

## 3. The remuneration of the top five highest-paid executives in TWSE/TPEX listed companies

December 31, 2023; Unit: NT\$ thousand; %

Title	Name	Salary (A)		Pension (B)		Bonus and special allowances, etc. (C)		Employee remuneration (D)				The total amount of items A, B, C and D and their proportion in net profit after tax (%)		Remuneration from invested businesses other than subsidiaries or the parent company
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Amount paid in each	Amount paid in each	Amount paid in each	Amount paid in each			
President	Chin-Ta Ou	1,880	1,880	80	80	4,973	4,973	96		96		7,029 / 0.9195	7,029 / 0.9195	None
Vice President of Operation Headquarters	Yao-ding Lee	1,795	1,795	108	108	4,601	4,601	79		79		6,583 / 0.8612	6,583 / 0.8612	None
Executive Vice President	Chin-Chang Cheng	1,786	1,786	108	108	3,528	3,528					5,422 / 0.7093	5,422 / 0.7093	None
CTO	Kou-Tai Tsou	1,946	1,946	166	166	2,160	2,160	61		61		4,333 / 0.5668	4,333 / 0.5668	None

Note 1: The term "top five highest-paid executives" refers to the company's managers. The criteria for determining these managers are based on the standards set forth by the letter issued by Securities and Futures Bureau, FSC on March 27, 2003, No. 0920001301. As for the principle of determining the "top five highest-paid," it is based on the total amount received by the company's managers from salaries, retirement pensions, bonuses, special allowances, etc., from all companies within the consolidated financial statements, as well as the amount of employee compensation (i.e., the total of A+B+C+D), and the top five highest-paid individuals are determined after sorting.

The company's managers meeting the aforementioned criteria include the General Manager, the Deputy General Manager of Operations Headquarters, the Executive Deputy General Manager, and the Chief Technical Officer.



#### 4. Names of managers who received employee remuneration:

December 31, 2023; Unit: NT\$ thousand; %

	Title	Name	Amount paid in shares	Amount paid in cash	Total	Total as a percentage of net income (%)
Manager	CEO	Tong-Sheng Wu	-	499	499	0.0653
	President	Chin-Ta Ou				
	Vice Chairman of Operations Decision Committee	Shyr-Shyuan Luo				
	Executive Vice President and head of Material Department	Chin-Chang Cheng (Note 1)				
	CTO, Chairperson's Office	Kou-Tai Tsou				
	Vice President of Operation Headquarters	Yao-ding Lee				
	Vice President of Investment Division	Chih-Lung Hsiao				
	Assistant Vice President, Long Fiber Division, Operation Headquarters	Ping-Yi Hu				
	Assistant Vice President, Solid Polymer Division, Operation Headquarters	Chao-Jung Hsu				
	Assistant Vice President, Advanced Materials Division, Operation Headquarters	Xing Yao				
	Chief Factory Director of the Corporate Engineering Division and Production Technology Director of the R&D Center	Chun-Shu Peng (Note 2)				
	Senior Specialist Officer of the Corporate Planning & Management Department concurrently serving as the head of the Public Relations and General Affairs Group.	Yu-lin, Xu (Note 3)				
	Corporate Governance Report Manager	Hao-Ning Ho				
	Head of Financial Department	Hsin-Chang Lin (Note 4)				
	Accounting Department Manager	Hsun-Neng Li (Note 5)				

Note 1: Retired on November 12, 2023.

Note 2: Concurrently served as Director of Chief Engineer's Office.

Note 3: Serving as the spokesperson of the Company since March 1, 2023. Transferred to the position as the Senior Specialist of Corporate Planning & Management Department and the spokesperson of the Company on September 16, 2023.

Note 4: He was promoted to the Head of Financial Department on March 1, 2023.

Note 5: Serving as the accounting department manager of the Company since May 10, 2023.



- (IV) Amount of remuneration paid in the last 2 years by the company and all companies included in the consolidated financial statements to the company's directors, supervisors, President, and vice presidents, and their respective percentages to standalone net income, as well as the policies, standards, and packages by which they were paid, the procedures through which remunerations were determined, and their association with business performance:

Remuneration paid to the Company's directors, supervisors, President and vice presidents in the last 2 years, and percentages relative to standalone net income:

	The Company				All companies in the consolidated statements			
	2023		2022		2023		2022	
	Total	As a percentage of after-tax profit	Total	As a percentage of after-tax profit	Total	As a percentage of after-tax profit	Total	As a percentage of after-tax profit
Director remuneration	6,632	0.87%	8,186	0.29%	6,698	0.88%	8,258	0.29%
Supervisor remuneration	-	-	-	-	-	-	-	-
Remuneration to the President and vice presidents	43,009	5.63%	33,853	1.20%	49,932	6.53	47,583	1.69%
After-tax profit	764,410		2,823,787		764,410		2,823,787	

The total amount of remuneration to directors in 2023 decreased from 2022 primarily due to a reduction in profits during 2023, resulting in decreased remuneration. However, the total remuneration for the President and Vice President increased compared 2022, attributed to the fact that the President and one Vice President had served for less than one year in 2022.

1. Policies, standards, and packages for payment of remuneration:
  - (1) In accordance with Article 23 of the Company's Articles of Incorporation, the remuneration to the directors for performance of their duties shall be determined based on the degree of involvement and contribution of the directors and with reference to the general standards of the industry. If the

Company makes a profit in the current year, the Company calculates the remuneration based on the annual operating performance and with reference to the distribution days of the year-end bonus to employees in the current year.

(2) The Company's remuneration to managerial officers follows the principles outlined in the "Regulations Governing Performance Bonus of Managerial Officers," which aim to recognize and reward employees' dedicated efforts in their work. Bonuses are granted based on the Company's annual business performance, financial condition, operational status, and individual job performance. Additionally, in years where the Company generates profits, a provision of no less than one percent is allocated for employee remuneration in accordance with Article 32 of the Company's Articles of Incorporation. Furthermore, the Company conducts performance evaluations based on the "Regulations Governing Employee Annual Performance Evaluations" to serve as a reference for bonus distribution to managerial officers. The evaluation criteria encompass work accomplishments like enhancing customer satisfaction, conducting subordinate rotation training, and improving internal processes. Behavioral indicators such as leadership aptitude and coordination and execution capabilities are also considered. When calculating the remuneration of managerial officers based on business performance, the remuneration system is subject to timely adjustments in line with actual operational conditions. Additionally, the reasonableness of the remuneration is duly reviewed by the Salary and Remuneration Committee and the Board of Directors.

(3) The composition of the remuneration provided by the Company, as stipulated by the "Regulations Governing the Establishment and Exercise of Powers of the Remuneration Committee," includes cash compensation, stock options, bonus shares, retirement benefits or severance pay, various allowances, and other measures with substantial incentives.

2. Procedure for determining remuneration:

The reasonableness of the remuneration to the Company's managers is regularly evaluated and reviewed by the Remuneration Committee. In addition to individual contributions to the Company, the Company's overall operational performance, the actual operating conditions, and relevant laws and regulations



are taken into account for periodical review of the remuneration system. In addition, reasonable remuneration is paid after comprehensively considering the current corporate governance trend to ensure the balance between the corporate sustainability and the risk control. The actual amount of remuneration to managers in 2023 is reviewed by the Remuneration Committee and reported to the board of directors for approval.

3. Association with operating performance and future risk:  
The review of the payment standard and system related to the Company's remuneration policy is mainly based on the overall operation of the Company. The payment standard is approved based on the contribution to the Company, in order to improve the overall efficiency of the teams of each department.

### III. Implementation of Corporate Governance

#### (I) Functionality of Board of Directors

1. A total of 8 board meetings (A) were held in the last year. Below are the directors' attendance records:

Title	Name	Actual attendance (B)	Proxy attendance	Attendance in Person (%) (B/A)	Remarks
Chairperson	Shin Kong Development Co., Ltd. Representative: Tong-Sheng Wu	8	0	100%	Tong-Sheng Wu was re-elected during the annual general meeting on June 2, 2023.
Vice Chairperson	Shin Kong Development Co., Ltd. Representative: Hsin-Chieh Wu	3	2	60%	Hsin-Chieh Wu was elected during the annual general meeting on June 2, 2023. A total of 5 board meetings were convened since the election of directors during the annual general meeting.
Director	Shin Kong Development Co., Ltd. Representative: Hsiu-Mei, Wang Chen	3	0	100%	Hsiu-Mei, Wang Chen was elected during the annual general meeting on June 2, 2023. A total of 3 board meetings were convened before the election of directors during the annual general meeting.
Director	Shin Kong Development Co., Ltd. Representative: Tung-Ming Wu	5	3	63%	Tung-Ming Wu was re-elected during the annual general meeting on June 2, 2023.



Director	Shinkong Co., Ltd. Representative: Steve Hong	8	0	100%	Steve Hong was re-elected during the annual general meeting on June 2, 2023.
Director	Chin Shan Investment Co., Ltd. Representative: Hsing-En Wu	2	1	67%	Hsing-En Wu was elected during the annual general meeting on June 2, 2023. A total of 3 board meetings were convened before the election of directors during the annual general meeting.
Director	Ji Zhen Co., Ltd. Representative: Hsing-En Wu	3	2	60%	Hsing-En Wu was elected during the annual general meeting on June 2, 2023. A total of 5 board meetings were convened since the election of directors during the annual general meeting.
Director	Tay Way Enterprise Co., Ltd. Representative: Ching-Chun Chiu	7	1	88%	Ching-Chun Chiu was re-elected during the annual general meeting on June 2, 2023.
Director	Tay Way Enterprise Co., Ltd. Representative: Huoo-Tzau Shih	8	0	100%	Huoo-Tzau Shih was re-elected during the annual general meeting on June 2, 2023.
Director	Mian Hao Enterprise Co., Ltd. Representative: Sun-Mo Ni	8	0	100%	Sun-Mo Ni was re-elected during the annual general meeting on June 2,

					2023.
Director	Shin Kong Wu Ho-Su Cultural & Educational Foundation Representative: Jung-Chi, Liu	8	0	100%	Jung-Chi, Liu was re-elected during the annual general meeting on June 2, 2023.
Independent Director	Hsien-Der Chiu	8	0	100%	Hsien-Der Chiu was re-elected during the annual general meeting on June 2, 2023.
Independent Director	Huei-Huang Lin	7	1	88%	Huei-Huang Lin was re-elected during the annual general meeting on June 2, 2023.
Independent Director	Yung-Ching Tsai	8	0	100%	Yung-Ching Tsai was re-elected during the annual general meeting on June 2, 2023.

★Other relevant details:

- I. For Board of Directors' meetings that meet any of the following descriptions, state the date, session, the discussed motions, independent directors' opinions, and how the company has responded to such opinions:
  - (I) The listed items on Article 14-3 of the Security and Exchange Act: Approved by all independent directors. (The details refer to page 62 to 65 in the annual report.)
  - (II) Any other documented objections or qualified opinions raised by independent directors against board resolutions in relation to matters other than those described above: None
- II. For the implementation and state of directors' recusal for conflicts of interests, the name of the director, the content of the motion, reason for recusal and participation in the voting process shall be stated: As independent directors Hsien-Der Chiu, Huei Huang Lin and Yung-Ching Tsai were candidates for the motion of "appointment of Remuneration Committee members" at the board meeting held on July 3, 2023, they were recused from discussion due to their interest in the motion, and did not participate in the voting process. After the chairperson's consultation with the other directors present, the motion was passed without objections.
- III. TWSE/TPEX Listed Companies should disclose information including the evaluation cycle and period, evaluation scope, method and evaluation content of the board's self (or peer) evaluation and fill in the Evaluation of the Board of Directors in Appendix 2 (2).
- IV. Enhancements to the functionality of the Board of Directors in the current and the most recent year



(e.g. establishment of an Audit Committee, improvement of information transparency, etc), and the progress of such enhancements: Independent directors, Audit Committee and Salary and Remuneration Committee have been created to support the authority's efforts in promoting corporate governance. For the operation of the board of director and the implementation of the resolutions, please refer to page 62 to 65.

## 2. Evaluation of the Board of Directors

Evaluation cycles	Evaluation periods	Evaluation scope	Evaluation method	Evaluation contents and results
Annually	January 1 to December 31, 2023	Performance evaluation of the board of directors and individual directors	Internal evaluation of the board, self-evaluation by individual board members	<ol style="list-style-type: none"> <li>1. Performance evaluation of the board: Participation in the operation of the company; improvement of the quality of the Board of Directors' decision making; composition and structure of the Board of Directors; election and continuing education of the directors; and internal control. The most satisfactory item of the evaluation results was "composition and structure of the board of directors", and the items that should be strengthened was "participation in the operation of the company".</li> <li>2. Performance evaluation of the board members: alignment of the goals and missions of the company; awareness of the duties of a director; participation in the operation of the company; management of internal relationship and communication; the director's professionalism and continuing education; and internal control. The most</li> </ol>

				satisfactory item of the evaluation results was “awareness of the duties of a director;”, and the items that should be strengthened are “participation in the operation of the company”.
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3. Implementation status of functional committee evaluation -  
Implementation status of Audit Committee evaluation

Evaluation cycles	Evaluation periods	Evaluation scope	Evaluation method	Evaluation contents and results
Annually	January 1 to December 31, 2023	Performance evaluation of individual Audit Committee members	Self-evaluation of members	Performance evaluation of the Audit committees: participation in the operation of the company; awareness of the duties of the functional committee; improvement of the quality of decisions made by the functional committee; composition of the functional committee and election of its members and internal control. The most satisfactory item of the evaluation results was "composition of the functional committee and election of its members", and the item that should be strengthened was “improvement of the quality of decisions made by the functional committee.”

4. Implementation status of functional committee evaluation -  
Implementation status of Remuneration Committee evaluation



Evaluation cycles	Evaluation periods	Evaluation scope	Evaluation method	Evaluation contents and results
Annually	January 1 to December 31, 2023	Performance evaluation of individual Remuneration Committee members	Self-evaluation of members	Performance evaluation of the Remuneration committees: participation in the operation of the company; awareness of the duties of the functional committee; improvement of the quality of decisions made by the functional committee; composition of the functional committee and election of its members and internal control. The most satisfactory item of the evaluation results was "composition of the functional committee and election of its members", and the item that should be strengthened was "improvement of the quality of decisions made by the functional committee."

## (II) Functions of the Audit Committee:

A total of 6 (A) Audit Committee meetings were held in the last year; independent directors' attendance records are summarized below:

Title	Name	Actual attendance (B)	Proxy attendance	Attendance in Person (%) (B/A)	Remarks
Independent Director	Hsien Der Chiu	6	0	100%	
Independent Director	Huei-Huang Lin	6	0	100%	
Independent Director	Yung-Ching Tsai	6	0	100%	

Other relevant information:

I. For Audit Committee meetings that meet any of the following descriptions, state the date and session of Board of Directors meeting held, the discussed topics, the Audit Committee's resolution, and how the company has responded to Audit Committee's opinions.

(I) Items listed on Article 14-5 of the Securities and Exchange Act: Approved by all members of the audit committee (Please refer to the annual report on page 95 to 97).

- (II) Other than those described above, any resolutions not approved by the Audit Committee but passed by more than two-thirds of directors: None.
- II. Avoidance of involvements in interest-conflicting discussions by independent directors; state the names of concerned independent directors, the discussions, the nature of conflicting interests, and the voting process: None.
- III. Communication between Independent Directors, internal audit manager and CPAs (shall include the significant issues on finance and operation, methods and results, etc): Except for the discussion with CPA s in audit committee meeting, the internal audit managers also irregularly communicate with independent directors relating to the Company's audit status, financial conditions and the impact of the accounting bulletin on financial reports. The communication was good (Please refer to the annual report on page 98 to 100).
- IV. Including the review of the CPA certified financial report, assessment of the effectiveness of the internal control system, CPAs' appointment, dismissal and fees, amendments to Procedures for the Acquisition or Disposal of Assets, amendments to Procedures for Endorsements/Guarantees and Procedures for Loaning Funds to Others, review of the annual earnings distribution proposal and the motion for acquisition or disposal of assets. The Audit Committee members approved each motion without objections (for the content of each Audit Committee meeting, please refer to pages 65 to 66 of the annual report).



## (III) Functions of the Salary and Remuneration Committee

## 1. Information of Salary and Remuneration Committee members

April 1, 2024

Criteria		Professional qualifications and experience	Independence situation	Number of positions as Salary and Remuneration Committee member in other public companies
Identity Name				
Independent Director (Convener)	Hsien-Der Chiu	<p>Professional qualification: Lawyer</p> <p>Current position: Independent Director of Shinkong Synthetic Fibers Corp. Chairperson of Xin Hong Construction Co., Ltd.</p> <p>Experience: practicing lawyer</p>	<ul style="list-style-type: none"> <li>• Whether the person, his/her spouse or second-tier relatives (or in the name of others) are directors, supervisors or employees of the company or its affiliated enterprises: No.</li> <li>• Percentage of shareholding in the Company: 0%</li> <li>• Whether the person is a director, supervisor or employee of a company with a specific relationship with the company: No.</li> <li>• Amount of remuneration received for providing business, legal, financial, accounting and other services of the Company or its affiliated enterprises in the last two years: None.</li> </ul>	0
Independent Director	Huei-Huang Lin	<p>Professional qualification: Legal Affairs</p> <p>Current position: Independent Director of Shinkong Synthetic Fibers Corp. Full-time visiting professor of Law School, Shih Hsin University</p>	<ul style="list-style-type: none"> <li>• Whether the person, his/her spouse or second-tier relatives (or in the name of others) are directors, supervisors or employees of the company or its affiliated enterprises: No.</li> <li>• Percentage of shareholding in the Company: 0%</li> <li>• Whether the person is a director, supervisor or employee of a company with a specific relationship with</li> </ul>	0

Identity Name	Criteria	Professional qualifications and experience	Independence situation	Number of positions as Salary and Remuneration Committee member in other public companies
		<p>Adjunct Professor, National Taipei University Department of Law Chair Professor of Law and Commerce, Soochow University Chairperson of Hefeng Media Investment Co., Ltd. Director of Asia Digital Media Co.Ltd.</p> <p>Experience: Political Deputy Minister of the Ministry of Justice Chief prosecutor of supreme prosecutor's office Dean of the Academy for the Judiciary of the Ministry of Justice Director of Division of Protection, Ministry of Justice Prosecutor General of the Prosecutor's office of Hualien District Court, Taiwan Prosecutor General of the Prosecutor's office of Penghu District Court, Taiwan</p>	<p>the company: No.</p> <ul style="list-style-type: none"> <li>Amount of remuneration received for providing business, legal, financial, accounting and other services of the Company or its affiliated enterprises in the last two years: None.</li> </ul>	



Criteria		Professional qualifications and experience	Independence situation	Number of positions as Salary and Remuneration Committee member in other public companies
Identity Name				
Independent Director	Yung-Ching Tsai	<p>Professional qualification: Finance</p> <p>Current position: Independent Director of Shinkong Synthetic Fibers Corp.</p> <p>Consultant of Shin Kong Chao Feng Co., Ltd.</p> <p>Director of U-P Human Resources Consulting Co., Ltd.</p> <p>Vice-President of Chia Pang Investment Co., Ltd.</p> <p>Experience: Manager of Finance Department of Shin Kong Life Insurance Assistant Vice President of General Affairs Department of Shin Kong Life Insurance Director Independent director</p>	<ul style="list-style-type: none"> <li>• Whether the person, his/her spouse or second-tier relatives (or in the name of others) are directors, supervisors or employees of the company or its affiliated enterprises: No.</li> <li>• Percentage of shareholding in the Company: 0%</li> <li>• Whether the person is a director, supervisor or employee of a company with a specific relationship with the company: No.</li> <li>• Amount of remuneration received for providing business, legal, financial, accounting and other services of the Company or its affiliated enterprises in the last two years: None.</li> </ul>	0

## 2. Functions of the Salary and Remuneration Committee

- I. The Company's Salary and Remuneration Committee consists of 3 members.
- II. The term of the members: from July 3, 2023 to June 1, 2025 The salary and remuneration committee held 5 meetings (A) in the most recent year. The qualification of members and the status of attendance are as follows:

Title	Name	Actual attendance (B)	Proxy attendance	Attendance in Person (%) (B/A)	Remarks
Convener	Hsien-Der Chiu	3	0	100%	
Committee member	Huei-Huang Lin	3	0	100%	
Committee member	Yung-Ching Tsai	3	0	100%	

Other relevant information:

- I. In the event where the Salary and Remuneration Committee's proposal is rejected or amended in a Board of Directors' meeting, please describe the date and session of the meeting, details of the topics discussed, the board's resolution, and how the company handled the Salary and Remuneration Committee's proposals (describe the differences and reasons, if any, should the Board of Directors approve a solution that was more favorable than the one proposed by the Salary and Remuneration Committee): None.
- II. Should any member object or express qualified opinions to the resolution made by the Salary and Remuneration Committee, whether on-record or in writing, please describe the date and session of the meeting, details of the topics discussed, the entire members' opinions, and how their opinions were addressed: None.
- III. The annual focus and operation of the Remuneration Committee: The focus of this year's work includes reviewing the distribution of employees' remuneration and directors' remuneration, year-end performance bonus payment, the reasonableness of salary adjustment plans, and the revision of the bonus system. After the proposing unit's explanation to the Remuneration Committee, all committee members agreed to adopt these proposals after discussion.

(IV) Information on members and operation of the nomination committee: None.

(V) Deviation and causes of deviation of the Company's actual governance from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
I. Has the company established and disclosed its corporate governance principles based on Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company has established its "Corporate Governance Best Practice Principles", which serve as the basis for the Company's corporate governance operations, and will be amended in accordance with laws and regulations of the competent authority. The Principles have been disclosed on the MOPS and the Company's website.	No deviation was found
II. Shareholding structure and shareholders' interests				
(I) Has the company implemented a set of internal procedures to handle shareholders' suggestions, queries, disputes, and litigations?		✓	(I) The spokesperson of the Company is the main communication window with shareholders. Shareholders can reach the stock transfer agent or the contact methods disclosed on the Company's website for any doubts or opinions. The Company does not have any disputes or litigation with shareholders.	To be established in the future
(II) Is the company constantly informed of the identities of its major shareholders and the ultimate controller?	✓		(II) The Company monitors its shareholders through the shareholder list provided by the stock transfer agent. The Company also maintains interaction with major shareholders to keep a good relationship with shareholders.	No deviation was found
(III) Has the company established and implemented risk management practices and firewalls for companies it is affiliated with?	✓		(III) The Company has implemented relevant credit limits on sales activities in accordance with management policies to control risks. The Company also has a "Related Party, Company and Group Transaction Policy" in place to manage	No deviation was found



Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(IV) Has the company established internal policies that prevent insiders from trading securities against non-public information?	✓		activities between related enterprises. (IV) The Company has formulated the “Management Measures for Preventing Insider Trading” to prohibit related personnel from insider trading of securities, and held training and publicity on “preventing insider trading” for one hour to insiders and employees every year, with a total of 1,006 participants.	No deviation was found
III. Assembly and obligations of the Board of Directors	✓		(I) In accordance with the “Director Election Procedure” and considering the diversified operation of the Company, diversification is considered for the Company’s board members. At present, the board members have different professional backgrounds, genders and work experience, and have the necessary knowledge and professional ability to perform their duties; refer to p.35-36 for relevant information.	No deviation was found
(I) Has the board of directors (Board members) formulated diversification policies, and specific management objectives and implemented them?		✓	(II) The Company has already assembled a Salary and Remuneration Committee and an Audit Committee and may establish other functional committees in the future to accommodate the Company’s actual development.	To be established in the future
(II) Apart from the Salary and Remuneration Committee and Audit Committee, has the company assembled other functional committees at its own discretion?	✓		(III) 1. The Company has established measures for the evaluation of board performance, and a performance evaluation is carried out on an annual basis. The Company’s board evaluation scope covers the performance evaluation of the board as a whole, individual directors, and	In the future, it will serve as a reference and linked to the salary and remuneration of directors, as well as the reference for nomination and re-election, depending on the
(III) Has the company established the Regulations Governing the Board Performance Evaluation and its evaluation methods, and does the company perform a regular performance evaluation each year and submit the results of				

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
<p>performance evaluations to the Board of Directors and use them as reference in determining compensation for individual directors, their nomination, and additional office terms?</p> <p>(IV) Is an external auditor's independence assessed on a regular basis?</p>	✓		<p>functional committees. Methods of evaluation include internal self-evaluation by the board and self-evaluation by individual board members, and self-evaluation by functional members; the evaluation results after sorting will be submitted to the board meeting.</p> <p>2. The Company sets remuneration to our directors based on operating conditions with reference to the standards of the industry.</p> <p>(IV) The Audit Committee of the Company evaluates the independence and competence of its certifying CPAs annually. In addition to requiring the certifying CPAs to provide a "Detached Independence Statement" and "Audit Quality Indicators (AQIs)", the Audit Committee evaluates them in accordance with the standards in Note 1 and the 13 AQIs. It is confirmed that the CPAs and the Company have no financial interests or business relationships other than the certification and financial and tax case fees. The members of the CPA's families also have not violated independence requirements, and with reference to the AQI information, it is confirmed that the CPAs and their firm have excellent audit experience and training hours received compared to the industry average. In addition, they have been introducing digital audit tools in the past three years to improve audit quality. The evaluation results for the most recent year have been discussed and</p>	<p>situation.</p> <p>In the future, the board performance evaluation will be used and linked depending on the situation.</p> <p>No deviation was found</p>



Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			approved by the Audit Committee on January 23, 2024, and submitted to the board meeting for approval on January 23, 2024 to evaluate the independence and competence of the CPAs.	
IV. Is the company a TWSE/TPEX listed company, and has the company designated an appropriate number of personnel that specialize (or are involved) in corporate governance affairs (including but not limited to providing directors/managers with the information needed and assist directors and managers in complying with the laws and regulations to perform their duties, convention of board meetings and shareholders' meetings, preparation of board meeting and shareholders' meeting minutes, etc)?	✓		<p>The Company has set up a Corporate Governance Director by board resolution in 2019, and allocated appropriate corporate governance personnel in each part-time unit (including Finance and Accounting Division, Secretariat, Information Department, General Management Division and HR Division) to be responsible for corporate governance related matters. The Company's Corporate Governance Director has work experience in legal affairs, finance and meeting procedures for more than 3 years; the main duties include handling board meeting and shareholders' meeting related matters, preparing minutes for board meetings and shareholders' meetings, assisting directors in continuous study, providing the information needed for directors to carry out business, assisting directors in complying with the laws, performance assessment (for directors, the board and functional committees), reporting to the board meeting the results of their review of whether the qualifications of independent directors during nomination, election, and tenure comply with relevant laws and regulations, handling matters related to the change of directors, and other matters stipulated in the Company's Articles of Association or contracts.</p> <p>In addition to the matters above, the key business priorities for the current year also include suggestions</p>	No deviation was found

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			on those for which the Company has not yet achieved the goals among the corporate governance evaluation items and new items added in laws and regulations, so as to improve corporate governance. For example: the structure and operation of the Board of Directors will be strengthened and intellectual property management enhanced. Enhancing information transparency, improving the English version of company website and accelerating the provision of financial reports, in the expectation of further improving corporate governance. The refresher courses for the corporate governance director this year are expected to be totally 12 hours, covering TCFD climate related financial disclosure, business secrets and non-competition, discussion on Taiwanese business operations and M&A strategies and digital transformation from the global political and economic situation, looking into the new future, and new thinking on risk management.	
V. Has the company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers, and suppliers)?	✓		The Company has established communication channels for stakeholders. A stakeholder section has been created on the Company's website to address corporate social responsibility issues that are of the highest concern to stakeholders. Aside from the "Corporate Social Responsibility Report" formulated by the Company, the Company's website also has a dedicated section explaining the communication and response status between the Company and stakeholders' through various channels.	No deviation was found
VI. Does the company engage a share administration agency to handle	✓		We appointed Shinkong International Securities Co., Ltd. (SKIS) to handle the shareholders'	No deviation was found



Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
VII. Information disclosure				
(I) Has the company established a website that discloses financial, business, and corporate governance-related information?	✓		(I) The Company has established its website that discloses its business performance, financial statement and corporate governance, etc, so that the investors are able to search and review. Dedicated personnel have been appointed to make disclosures according to rules. Information is updated on a regular basis.	No deviation was found
(II) Has the company adopted other means to disclose information (e.g. an English website, assignment of dedicated personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor conferences via the company website)?	✓		(II) The Company has appointed dedicated personnel to be responsible for collecting and disclosing the Company's information, and has a company information spokesperson mechanism. The dedicated personnel handle external communication and information disclosure, and place investor briefing related information on the company website.	No deviation was found
(III) Has the company published and reported its annual financial report within two months after the end of a fiscal year, and published and reported its financial reports for the first, second, and third quarters, as well as its operating status for each month before the specified deadline?		✓	(III) The Company files its annual financial report 75 days after the end of each fiscal year, and its financial report for the first, second, and third quarters within 45 days after the end of the first, second, and third quarters.	The feasibility will be discussed with the CPA in the future
VIII. Does the company have other information that enables a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of	✓		(I) The Company has human resources policies and incentive systems in place, and devotes significant attention to issues such as employees' rights, self-governing organization, and activities. The Company also takes pro-active steps toward realizing its vision of zero accidents, zero hazards, and environmental protection. (II) The Company has rigorous systems in place to control the procurement process, factory affairs,	No deviation was found

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
customer policies, and insuring against the liabilities of company directors and supervisors)?			and finance. Issues such as selection of suppliers, job rotation, and persons of acting duty have all been clearly addressed in internal policies. (III) All directors have completed their 6-hour training requirement for the year. (IV) The Company has purchased liability insurance for our Board of Directors, directors, managers, and employees.	
IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified.				
(I) The information disclosed on the Company's external website has been gradually increased, and the English annual report, procedural manual, briefing to institutional investors, intellectual property management, financial report information and ESG zone are provided. In the future, the provision of information to the shareholders' meetings will be accelerated. In addition, strengthening risk awareness, enhancing the intellectual property management system and strengthening the staff's correct concept of intellectual property rights will be the priority objectives in the next few years.				
(II) Enforcement of corporate social responsibilities will be the priority in the Company's future improvement efforts.				

Note 1: CPAs' independence assessment criteria

Assessment	Assessment results	Independence compliance
1. Whether or not the CPAs have directly or indirectly significant financial interest related to the Company.	Yes	Yes
2. Whether the CPAs are involved in any financing or guarantee arrangement with the Company or its directors	Yes	Yes
3. Whether the CPAs consider the possibility of customer loss which may affect the audit on the Company	Yes	Yes
4. Do the CPAs have any close commercial relationship or potential employment relationship with the Company	Yes	Yes
5. Whether the CPAs receive any public fees which relate to the audit?	Yes	Yes



Assessment	Assessment results	Independence compliance
6. Whether the CPAs and audit team members currently or previously assumed a role as the Company's director, manager, or any position that may significantly affect the audit in the last two years	Yes	Yes
7. Whether the material items of the non-audit services provided by the CPAs to the Company have no direct impact on the audit	Yes	Yes
8. Whether or not the CPAs promote or serve as any form of intermediary to the shares or other securities issued by the Company	Yes	Yes
9. Whether or not the CPAs serve as defense attorneys for the Company, or represent the Company in mediating any conflict with a third party	Yes	Yes
10. Whether or not the CPAs are related to the Company's directors, managers, or any person that is significant to the audit task	Yes	Yes
11. Whether there are CPAs within a year of their departure who have served as the Company's directors, managers, or any position that may have a material impact on the audit	Yes	Yes
12. Whether the CPAs engage in regular work on behalf of, or receive regular salaries from the company	Yes	Yes
13. Whether the CPAs are involved in the Company's decision-making management duties	Yes	Yes
14. As of the last certification, there had been 7 years with no changes	Yes	Yes
15. As of now, have the CPAs been disciplined	Yes	Yes



Note 2: Declaration issued by Deloitte and Touche

## **Deloitte & Touche**

20F, Taipei Nan Shan Plaza  
No. 100, Songren Rd.,  
Xinyi Dist., Taipei 11073, Taiwan

Tel : +886 (2) 2725-9988

Fax : +886 (2) 4051-6888

Receiver: Shinkong Synthetic Fibers Corp.

Subject: We accepted the entrustment to audit the financial statement of the Company for the year of 2023 In accordance with the regulations of "The Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10 - Integrity, Objectivity and Independence" published by CPA Associations R.O.C (Taiwan), the audit team members stated that we have complied with the following norms and have not violated the independence.

### Description:

- I. The members of the audit team and their spouses and dependents do not have the following matters:
  - (I) Hold the significant financial interest of the Company directly or indirectly.
  - (II) Have commercial relationship with the Company or its directors, supervisors and managers to influence the independence.
- II. During the audit period, the members of the audit team and their spouses and dependents did not serve as the Company's directors, supervisors, managers or other positions that have direct and significant influence on the audit work.
- III. The audit team members and the Company's directors, supervisors or managers have no relationship of spouses, direct blood relatives, direct in-law relatives or within second-degree of collateral blood relatives.
- IV. The members of the audit team do not receive the gifts with significant value from the Company or its directors, supervisors, managers or main shareholders (the value does not exceed the general social etiquette standards).
- V. The members of the audit team have implemented the necessary procedures of independence and interest conflict and have not found any violation of the independence or unresolved conflict of interest.

## **Deloitte & Touche**

CPA: Wen-Hsiang Chen (Signature)

## **Deloitte & Touche**

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No. 100, Songren Rd.,  
Xinyi Dist., Taipei 11073, Taiwan

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- III. The audit team members and the Company's directors, supervisors or managers have no relationship of spouses, direct blood relatives, direct in-law relatives or within second-degree of collateral blood relatives.
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- V. The members of the audit team have implemented the necessary procedures of independence and interest conflict and have not found any violation of the independence or unresolved conflict of interest.

**Deloitte & Touche**

CPA: Wen-Yea Shyu (Signature)

(VI) Implementation of promoting sustainable development and differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons:

Promotion item	Implementation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
I. Has the Company established a governance structure to promote sustainable development, and set up a full-time (part-time) unit to promote sustainable development, which is handled by the senior management authorized by the Board of Directors, and the status of supervision by the Board meeting?	√		<p>(I) In response to the Company's sustainable development policy, the Company has established the "Corporate Social Responsibility Promotion Committee" (CSR Committee) in early 2015 and the "Carbon Neutrality Promotion Center" under the Operations Decision Committee in 2022 to track the progress of sustainable development and planning of proposals, and integrated them into the "Sustainable Development Promotion Committee" (originally "Corporate Social Responsibility Promotion Committee") for coordination and promotion of related initiatives in 2024.</p> <p>(II) Implementation status of sustainable development units in the Company:</p> <p>(a) "Corporate Social Responsibility Promotion Committee" Members: President, Vice President, Assistant Vice President of Corporate Planning &amp; Management Department</p> <p>Operation and execution status for the current year: ESG</p>	<p>No deviation was found</p> <p>The promotion status has not been systematized. The Board of Directors will be reported to when</p>



Promotion item	Implementation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>Sustainability Report (under compilation)</p> <p>(b) "Carbon Neutrality Promotion Center" Members: Heads of various plants/divisions/departments Operation and execution status for the current year: Promotion of sustainable carbon reduction and net-zero goals, greenhouse gas emissions inventory and external verification, product carbon inventory and certification</p> <p>(c) "Sustainable Development Promotion Committee" Members: President, Director of General Administration Department, Finance Manager, Head of Engineering Department, Head of Human Resources Department, Plant Affairs Manager, Product Promotion of Operation Department and Procurement Manager who are responsible for the execution status of the current year, and future integration and promotion of corporate sustainability development vision and plan.</p> <p>(III) The Company's sustainable development promotion units regularly report the progress of GHG inventory planning and information security management to the Board of Directors every year.</p>	the system is complete.

Promotion item	Implementation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
II. Has the company performed risk assessments on environmental, social, and corporate issues in relation to the Company's operations according to material principles, and formulated relevant risk management policies or strategies?	√		<p>This disclosure includes the Company's sustainability performance at major operating locations from January to December, 2023. The risk assessment boundary primarily encompasses the Company, including its Chungli Plant, Guanyin Plant, and the Taipei Office. Subsidiaries assess risks independently based on their respective operational scale and materiality, and integration planned accordingly.</p> <p>Based on the principle of materiality, after identifying the stakeholders, measure the impact of the stakeholders' degree of concern on the Company's operations, formulate relevant risk management policies and regularly review the impact, performance and strategic objectives every year; in addition, all departments of the Company have established their risk warning systems to enhance the protective capabilities. The procedures of the risk warning system are as follows:</p> <ol style="list-style-type: none"> <li>1. Risk identification and assessment <ol style="list-style-type: none"> <li>(a) Risk identification <p>Determine a risk list every year and classify and define the risks through politics, economy, society, technology, environment and law to draw the annual risk factors.</p> </li> </ol> </li> </ol>	No deviation was found



Promotion item	Implementation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons						
	Yes	No	Summary							
			<div><div><div>(b) Risk assessment</div><div>A qualitative and quantitative risk assessment is conducted by professionals of various departments.</div></div><div><div>(c) Response to risks</div><div>Develop risk management strategies based on the identified risks and assessment results, and establish corresponding standard operations.</div></div><div><div>(d) Review and improvement</div><div>Regularly track management effectiveness and grant the authority of adjustment and optimization to the responsible unit.</div></div><div>2. Areas covered by the risk warning system</div><div><div>(a) Operations</div><div>(b) Disasters</div><div>(c) Occupational safety and health</div><div>(d) Finance</div><div>(e) Export risk control and management</div></div><div>Based on the assessed risks, the following risk management strategies are established:</div><table><tr><th>Material</th><th>Risk</th><th>Description</th></tr><tr><td></td><td></td><td></td></tr></table></div>	Material	Risk	Description				
Material	Risk	Description								

Promotion item	Implementation status					Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary			
			Issues	Assessment Items		
			Corporate Governance	Ethical Management	1. Incorporate the principles of professional ethics and anti-corruption within the corporate culture.	
					2. Eradicate any instances of fraud, corruption, or breaches of ethical conduct.	
				3. Promote ethical management through education and training courses—continuously practice the "Shinkong Synthetic Fibers Corporation Guidelines for the Adoption of Codes of Ethical Conduct" and Regulations Governing Anti-Corruption" and regularly review the Company's status of compliance.		
Business Performance	1. Improve the Company's overall revenue and net profit to meet budgetary targets.					
	2. Achieve growth in overall revenue and net profit compared to the previous year.					
3. Monthly financial forecasting meetings for Business Groups —review and adjust business targets; expand semi-annual performance						



Promotion item	Implementation status					Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary			
					presentations—recognize AO sales personnel who meet performance targets; end-of-year budget and strategy meetings—review and formulate next year's budget and business strategies.	
			Social	Eco-friendly Products	1. Produce products incorporating environmentally friendly recycled materials, increasing its proportion of production and revenue contribution. 2. In 2023, eco-friendly processed yarn products accounted for 68% of sales. 3. In 2023, R-PET sales reached 15,572 tons, an increase of 29.4%. 4. The Chungli Plant produced 12,000 tons of mechanically processed R-PET products, obtaining TFDA certification.	
				Safeguard Human Rights	1. Adhere to "people-centric" principles and carry out relevant legal regulations. 2. Promote corporate social responsibility and labor rights. 3. Discuss human rights documents and standards in department meetings or special sessions; complete advocacy and maintain records in training documentation.	
				Occupational	1. Continue to comply with occupational	

Promotion item	Implementation status					Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary			
				safety and health	<div>safety and health regulations, eliminate hazards, and commit to continuous improvement and prevention of injury and illness.</div> <div>2. Continue to promote the ISO 45001 Occupational Health and Safety Management System.</div> <div>3. Implement the ISO 45001 management system following the PDCA model, completing various improvement plans to prevent occupational accidents. Engaged 3rd party organizations to audit the Company’s ISO 45001 Occupational Health and Safety Management System.</div>	
			Environmental	Energy Management	<div>1. R&amp;D advancement, committed to energy saving and waste reduction. Innovative thinking, focusing on environmental quality Smart industry, eco-friendly and non-toxic green energy.</div> <div>2. Innovative thinking, committed to energy conservation and waste reduction. The annual electricity saving rate should reach 1% to ensure the</div>	



Promotion item	Implementation status				Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary		
				<p>reasonable and efficient use of energy, reduce costs, decrease energy consumption, lower carbon emissions, enhance product competitiveness, and achieve sustainability goals.</p> <p>3. Departments are required to refer to past case studies (such as insulation improvement, compressed air energy saving, waste heat recovery, adoption of high-efficiency equipment, water resource recycling, lighting energy saving, energy management, equipment improvement, variable frequency drive energy saving, and power regulation) or propose energy-saving measures with innovative thinking. After review, these measures should be implemented, and their benefits tracked for 12 months thereafter. Results should be reviewed at energy-saving meetings.</p>	
			Water Resource Management	<p>1. Understand water, use water wisely, and conserve water for sustainable water resources.</p> <p>2. Reduce water usage by 10%.</p> <p>3. Install smart water meters.</p>	
			GHG	<p>1. Comply with regulations, focus on</p>	

Promotion item	Implementation status					Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary			
				Management	energy conservation and waste reduction, pollution prevention, and continuous improvement. 2. Reduce annual carbon emissions by more than 12.10% compared to the previous year. 3. Comprehensive energy-saving and emission reduction programs (including measures such as compressed air energy saving, waste heat recovery, adoption of high-efficiency equipment, water resource recycling, lighting energy saving, energy management, equipment improvement, variable frequency drive energy saving, and power regulation). 4. Regular GHG inventory	
III. Environmental issues (I) Has the Company developed an appropriate environmental management system based on its industrial characteristics?	√		(I) Management System 1. The Company has formulated safety, health and environmental protection related management measures in accordance with environmental regulations formulated by the Environmental Protection Administration, such as the Air Pollution Control Act, the Water Pollution Control Act and the Waste Disposal			No deviation was found



Promotion item	Implementation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
(II) Has the Company assessed the potential risks and opportunities for business operations now and in the future regarding climate change, and will it adopt relevant countermeasures?	√		<p>Act, in order to comply with legal norms, save energy, reduce waste and improve measures for the safety, health and environmental protection management in the factory area. (explained in the special chapter of the Company's sustainability report)</p> <p>2. Each factory area of the Company has obtained ISO14001 environmental management system verification and has undergone a three-year verification by BVC (Bureau Veritas Certification) to maintain the effective operation of the system. Please refer to the Company's website for details on our ISO certification achievements. (<a href="http://www.shinkong.com.tw/front/quality">http://www.shinkong.com.tw/front/quality</a>)</p> <p>(II) To facilitate the reduction of energy resource use, in 2023, the Company established relevant reduction targets for energy consumption. Using 2018 as the baseline year, short-term (2022), mid-term (2025), and long-term (2030) targets were set according to specific timeframes. These targets include: Unit energy consumption per unit of output. In 2023, the unit energy consumption per unit of production was</p>	No deviation was found

Promotion item	Implementation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>3.2486 (TJ/ton), compared to 3.4266 (TJ/ton) in 2018, representing a decrease of 5.19%. This exceeds the targeted reduction of 3%, thus achieving the planned target goal.</p> <p>Furthermore, the Company actively promotes industrial intelligence by implementing energy-saving measures and infrastructure upgrades at various production sites. This includes the installation of smart hardware and software, smart metering infrastructure, real-time monitoring dashboard for operational equipment energy consumption, and data analysis to constantly assess and optimize machine efficiency.</p> <p>Description of various operations and processing methods</p> <ol style="list-style-type: none"> <li>1. Part of the raw materials of the Company's products come from circular economy products, e.g. the raw materials for polyester filament and polyester chips both come from recycled granules from PET bottles.</li> <li>2. For the industrial waste reduction, we strengthen the process of waste polymers and recycling, and cooperate with downstream partners to recycle the packaging materials of the paper boxes and paper tube.</li> <li>3. For the reduction of VOCs, we pipe the VOCs into the</li> </ol>	



Promotion item	Implementation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>combustion with the boiler equipment. This has obtained a great effect.</p> <ol style="list-style-type: none"> <li>4. Environmental protection granulation was added in November 2020.</li> <li>5. FTR granulation was added in October 2021.</li> <li>6. In terms of energy efficiency, the Company won excellence awards from 2005 to 2009 from the selection of energy-saving high-quality manufacturers held by the Ministry of Economics Affairs. In 2010, we won the Outstanding Award in the Excellent Manufacturer Selection. We also held an energy-saving visit in 2011. In 2013, we again won excellence awards. In 2019, we were awarded as an excellent manufacturer for reducing industrial greenhouse gases voluntarily. won the Silver Award of Energy Conservation Benchmark in 2020.</li> <li>7. Low efficiency and old boilers are phased out and the equipment is updated to enhance energy efficiency.</li> <li>8. Polymerized boiler fuel that originally used heavy oil was changed to natural gas which is used as a cleaner production fuel.</li> </ol>	

Promotion item	Implementation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
(III) Has the Company assessed the potential risks and opportunities for business operations now and in the future regarding climate change, and will it adopt relevant countermeasures?	√		<p>9. The Company has established an energy management system and obtained the ISO 50001 Energy Management System Certification in 2022. Establish, implement and maintain energy goals based on the Company's energy policy and significant energy consumption assessment to achieve the commitment of the energy management policy.</p> <p>10. The second FTR granulation production line was added in November 2023.</p> <p>(III) With the increasing impact of global climate change and greenhouse effect, the potential risks can not be underestimated, including water shortages, water supply disruptions, power instability, production and supply chain disruptions, rising resource and material costs, reduced sales, as well as other external risks such as lower profits, drastic changes in exchange rates, interest rates and political situations, and accelerated market changes. The Company first self-assessed and evaluated historical climate impacts to formulate future countermeasures, which include:</p> <p>1. Develop new products/services/markets and promote the</p>	No deviation was found



Promotion item	Implementation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
	√		<p>3330 targets. Within three years, the R&amp;D unit will complete three large-scale R&amp;D equipment updates, and the profits of various institutions will grow by 30%. In addition, grasp and adjust to business opportunities and maintain competitiveness.</p> <ol style="list-style-type: none"> <li>2. Keep an closer eye on market changes and diversify markets to avoid excessive market concentration.</li> <li>3. Diverse suppliers, distribution, and logistics alternatives to spread risks.</li> <li>4. Ensure the process operation conditions to enhance process cooling temperature and reduce energy consumption in order to cope with extreme climates so that the production operation can be maintained.</li> <li>5. When making decisions regarding investments, factors of climate change must be included and should be approached from the operational and engineering design aspects in order to maintain process capabilities and reduce the impact extreme weather brings.</li> <li>6. Investment in energy conservation or green energy-related environmental sustainability</li> </ol>	

Promotion item	Implementation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons																									
	Yes	No	Summary																										
			<p>achievements:</p> <p>(a) The company invested NT\$690 million in a solar energy company, with its asset scale reaching approximately NT\$2.421 billion.</p> <p>2023 Energy Generation Results (MW)</p> <table border="1"> <tr> <th>Energy generation industry</th><th>Operations</th><th>Installation</th><th>Application</th><th>Total</th></tr> <tr> <td>5.41</td><td>32.06</td><td>12.18</td><td>26.28</td><td>75.93</td></tr> </table> <p>(b) To respond to the impacts of climate change, investments in energy-saving equipment and carbon reduction benefits to reduce process energy consumption are as follows:</p> <p>Results in 2023 (NT\$ thousand)</p> <table border="1"> <tr> <th>Item</th><th>Category</th><th>Investment Amount</th><th>Benefits</th><th>Carbon emissions reduction (tCO<sub>2</sub>e)</th></tr> <tr> <td>Energy-saving measures</td><td>Energy conservation</td><td>24,702</td><td>32,623</td><td>5,495</td></tr> </table> <p>2024 Project Execution Pipeline (NT\$ thousand)</p> <table border="1"> <tr> <th>Item</th><th>Category</th><th>Investment Amount</th><th>Benefits</th><th>Carbon emissions reduction (tCO<sub>2</sub>e)</th></tr> </table>	Energy generation industry	Operations	Installation	Application	Total	5.41	32.06	12.18	26.28	75.93	Item	Category	Investment Amount	Benefits	Carbon emissions reduction (tCO <sub>2</sub> e)	Energy-saving measures	Energy conservation	24,702	32,623	5,495	Item	Category	Investment Amount	Benefits	Carbon emissions reduction (tCO <sub>2</sub> e)	
Energy generation industry	Operations	Installation	Application	Total																									
5.41	32.06	12.18	26.28	75.93																									
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Energy-saving measures	Energy conservation	24,702	32,623	5,495																									
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Promotion item	Implementation status								Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons																		
	Yes	No	Summary																								
(IV)Has the Company calculated the greenhouse gas emissions, water consumption, and total weight of waste in the past two years, and formulated policies on energy conservation and greenhouse gas reduction and water consumption, or other waste management?			<table><tr><td>Energy-saving measures</td><td>Energy conservation</td><td>32,000</td><td>22,000</td><td>4,000</td></tr><tr><td>Conversion of coal-fired boilers to gas</td><td>Environmental protection</td><td>40,000</td><td>0</td><td>30,000</td></tr><tr><td>Installation of anaerobic systems</td><td>Environmental protection</td><td>70,000</td><td>23,000</td><td>2,300</td></tr></table>						Energy-saving measures	Energy conservation	32,000	22,000	4,000	Conversion of coal-fired boilers to gas	Environmental protection	40,000	0	30,000	Installation of anaerobic systems	Environmental protection	70,000	23,000	2,300	No deviation was found			
			Energy-saving measures	Energy conservation	32,000	22,000	4,000																				
			Conversion of coal-fired boilers to gas	Environmental protection	40,000	0	30,000																				
			Installation of anaerobic systems	Environmental protection	70,000	23,000	2,300																				
			(IV) Strategy formulation																								
			1. The disclosure of the Company’s greenhouse gas emissions, water consumption, and total waste weight are as described:																								
			(a) Greenhouse gas emissions for the past two years																								
			Taipei Headquarters Unit: metric tons of CO2e																								
			<table><tr><td>Year</td><td>Scope 1</td><td>Scope 2</td><td colspan="2">Emissions per product unit (kgCO2e)</td><td>Scope 3</td></tr><tr><td>2022</td><td>None</td><td>86</td><td colspan="2">None</td><td>None</td></tr><tr><td>2023</td><td>36</td><td>126</td><td colspan="2">None</td><td>None</td></tr></table>						Year	Scope 1	Scope 2	Emissions per product unit (kgCO2e)		Scope 3	2022	None	86	None		None	2023	36	126		None		None
			Year	Scope 1	Scope 2	Emissions per product unit (kgCO2e)		Scope 3																			
2022	None	86	None		None																						
2023	36	126	None		None																						
Chungli Plant Unit: Tonnes of CO2e																											
<table><tr><td>Year</td><td>Scope 1</td><td>Scope 2</td><td colspan="2">Emissions per product unit (kgCO2e)</td><td>Scope 3</td></tr></table>						Year	Scope 1	Scope 2	Emissions per product unit (kgCO2e)		Scope 3																
Year	Scope 1	Scope 2	Emissions per product unit (kgCO2e)		Scope 3																						

Promotion item	Implementation status					Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons		
	Yes	No	Summary					
			111	103,082	168,667	0.2981	None	
			112	92,771	150,656	0.2824	None	
			Guanyin Plant    Unit: Tonnes of CO2e					
			Year	Scope 1	Scope 2	Emissions per product unit (kgCO2e)	Scope 3	
			111	20,829	34,528	1.0521	None	
			112	13,795	30,317	1.1719	None	
			The Company’s 2022 and 2023 greenhouse emissions have been certified by a third party.					
			(b) Amount of water used for the past 2 years					
			Year		2022	2023		
			Unit: thousand tons		1,950	1,875		
			(c) Total weight of waste for the past 2 years					
			Unit: Tonnes					
			Year	Hazardous waste	Non-hazardous waste	Unit product output (T/T)		
			2022	0.00073	6805.36	0.0065		
			2023	0	7384.24	0.0078		



Promotion item	Implementation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>2. The Company has established a "Sustainable Net-Zero ESG Strategy and SDGs Project Goal Setting Form" and a dedicated unit (environmental protection unit of Public Utility Division) and personnel to oversee environmental and energy management. The Company has obtained certifications including ISO14001, SO45001, ISO5001 and SONY GP (Green Partner).</p> <p>3. In response to climate change, greenhouse gases emission management is a global issue. Energy savings and carbon reduction have been combined with the sustainable environmental development of the Company.</p> <p>4. Promote the development of circular economy with resource management and source management such as waste reduction, recycling, and promotion of green supply chain.</p> <p>5. The replacement of heat medium boiler fuel was set into action for the whole factory by changing fuel to gas in order to improve the air quality. And we acquired the registration of the “Measures for the Management of Greenhouse Gas Replacement Projects” from the EPA in</p>	

Promotion item	Implementation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>February 2015.</p> <p>6. In response to the government's greenhouse gas reduction, in 2023 we voluntarily joined the reduction measures for greenhouse gas emissions and finished the declaration in March 2024. A total of 64 voluntary reductions were reported, with an annual electricity savings of 3,649,666KWH and a carbon reduction of 1,807 tons.</p> <p>7. Continue to save energy and reduce waste, introduce new energy-saving technologies to increase energy efficiency in order to meet the 1% power savings required by the Ministry of Economic Affairs. In line with the electricity saving regulation by the Bureau of Energy, the average annual savings in 2023 was 1.04%, and the result is under the review of the Bureau of Energy,.</p> <p>8. Develop emerging and renewable energy resources, such as solar power plants to reduce greenhouse gas emissions. Related initiatives comply with the law and ongoing as of 2024.</p> <p>9. Increase process water efficiency - recycle and reuse to</p>	



Promotion item	Implementation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>reduce discharge. Increase standby water capacity including recycling and reuse of PTA transport of cooling water.</p> <p>10. In addition to researching, developing and producing environmental protection products, we acquired the green mark, used energy-saving lamps, green and energy-saving products, and promoted the computerization of our document forms for the paperless process in order to achieve the goal of energy-saving and carbon-reduction.</p> <p>11. The old equipment with heavy energy consumption will continue to be replaced in order to achieve the goal of energy-savings.</p> <p>12. In response to the government's continued promotion of net-zero carbon emission policies and the tightening of air pollution emission standards for boilers, the Company is currently in the process of transitioning from coal-fired steam boilers to gas-fired boilers in 2024.</p>	
IV. Social issues				
(I) Has the company developed its policies and procedures in	√		(I) The Company has established human resource management policies based on prevailing labor regulations and international	No deviation was found

Promotion item	Implementation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
<p>accordance with laws and International Bill of Human Rights?</p> <p>(II) Has the Company established and implemented reasonable measures for employee benefits (including: remuneration, holidays and other benefits), and appropriately reflected the business performance or achievements in the employees' remuneration?</p>	√		<p>human rights conventions. This includes the personnel recruitment and management policy, anti-discrimination management policy, anti-slave labor and human trafficking management policy, religious venue management policy, and anti-child labor as well as misuse remedy management policy.</p> <p>(II) The Company signed a collective agreement with the enterprise union specifying the Company's operating profit sharing method and holiday or leave rules. An employee benefits supervision mechanism is implemented through the Employee Welfare Committee, and the benefits include subsidies for club activities, free employee travel activities, health checks, birthday and annual bonuses, food subsidies, marriage subsidies, hospitalization subsidies, direct family bereavement subsidies, etc Based on diversity and equality in the workplace, the Company focuses on fairness in performance evaluation, and there will never be differences or unfair situations due to factors such as gender, age or other non-work achievements. In 2023, the proportion of female supervisors was 12.44%, and that of female non-supervisors was 17.22%.</p>	No deviation was found



Promotion item	Implementation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
(III) Does the Company provide a safe and healthy working environment for employees, and regularly implement safety and health education for employees?	√		<p>(III) Various measures and disclosures are as follows:</p> <ol style="list-style-type: none"> <li>1. The Company regularly subcontracts and implements work environment monitoring to provide employees with a safe and healthy work environment, and regularly provides physical examination, occupational safety training, health lectures and information notifications. The Company also formulated an occupational safety and health management plan in accordance with the Company's safety and health policies, with the goal to summarize unsafe behaviors of each unit for reporting, assess hazard and risk factors, and remind employees through announcements, e-mail, regular meetings and training opportunities to achieve zero disaster. In addition, we also have warnings displayed in the workplace to constantly make our employees aware of compliance with equipment operation procedures and be safe at work.</li> <li>2. In November 2022, the Company passed the external auditor's tracking review of the ISO45001 occupational safety and health management system; the verification process covered the Zhongli and Guanyin Plants and the</li> </ol>	No deviation was found

Promotion item	Implementation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
(IV) Has the Company implemented an effective training program that helps employees develop	√		<p>Taipei office.</p> <p>3. There were five public injuries in 2023 with six people injured, accounting for about 0.28% of the total number of employees. The relevant deficiencies have been improved, the corrective measures or SOP revision has been formulated, and publicity has been completed.</p> <p>4. <u>In the 2023, there were no actual fire incidents reported. However, there were four false alarms, none of which resulted in any casualties. Any related deficiencies have been addressed, and corrective measures or modifications to SOPs have been implemented, along with completed awareness campaigns.</u></p> <p>(IV) The Company offers new recruit orientation, internal/external training, and corporate university EMBA training.</p> <p>(V) The Company is dedicated to producing products that are heavy metal-free and we deeply value circular-economy products in order to protect the health of customers and consumers. We are building a customer data system and ensuring that there are no data breaches in order to protect their privacy. In terms of market products - we have</p>	No deviation was found
	√			No deviation was found



Promotion item	Implementation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
<p>skills over their career?</p> <p>(V) Does the Company comply with relevant laws and regulations and international standards on issues such as customer health and safety, customer privacy, marketing and labeling of products and services, and has it formulated relevant policies and complaint procedures to protect the rights and interests of consumers or customers?</p> <p>(VI) Has the Company established supplier management policies requiring compliance with relevant regulations, and the execution status regarding issues such as environmental</p>	√		<p>established our own brand and all of our products have clear labels of their origin, weight and contents, etc, and we also have an after-sales service department for when there is a subsequent problem with the purchased product, rules are specified in the operating management policy regarding customer complaint procedures and handling methods, ensuring the rights of customers.</p> <p>(VI) In 2019, the Company formulated the Management Procedures for the Social Responsibility of Suppliers and the Code of Conduct for Suppliers. The Company also requests suppliers to sign the “Statement of Social Responsibility and Supplier’s Conduct” formulated by the Company, and the contents cover ethics, commitments, labor rights, health and safety. Furthermore, supplier assessment is performed annually, and an email has been set up for complaints</p>	No deviation was found

Promotion item	Implementation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
protection, occupational safety, and health or labor rights?				
V. Has the Company prepared a sustainability report and other reports that disclose the Company's non-financial information with reference to internationally accepted reporting standards or guidelines? Have the reports mentioned previously obtained the assurance of third party verification?			<ol style="list-style-type: none"> <li>1. The Sustainability Reports was prepared in compliance with the GRI Standards.</li> <li>2. The principle of assurance is handled in accordance with the government's regulations, and the third-party assurance (BSIAA 1000AS V3 Guarantee Standard, Type I Moderate Assurance) has been completed.</li> </ol>	<p>No deviation was found</p> <p>The third-party assurance has been completed.</p>
VI. If the company has its own sustainable development best practice principles in accordance with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, please describe the operation and differences: There is no significant deviation between the Company's operation and the content of the Principles, and the Company will continue to improve it.				
VII. Other important information which helps promote the sustainable development situation: 1. SSFC university had industry-academy cooperation with Chung Yuan University in EMBA classes and various seminars.				



Promotion item	Implementation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
2. The Company offers annual scholarships to economically disadvantaged families in the 4 villages around the plant on a long-term basis.				
3. The Company continues to sponsor the use of hypochlorite water for pandemic prevention among residents around the plant area.				
4. Long-term sponsored the adoption of the "SSFC Dance Team" of Song-Wu Elementary School.				
5. We offer long term sponsorship of the caring base at the Guangren Village and the Yimin Village vigilant team.				
6. Long-term sponsored Mid-Autumn Festival party raffle prizes in nearby neighborhoods, sponsored raffle prizes for the elderly, sponsorship at the lantern riddles event, and sponsorship for religious events.				

## (VII) Ethical Corporate Management - Implementation Status and Deviations from the Ethical Corporate

### 1. Implementation of climate-related information

Item	Implementation status
I. Describe the supervision and governance of climate-related risks and opportunities by the board of directors and the management.	I. 1. Faced with the challenge of climate change, the Company has included climate risk into the scope of its risk management. The Board of Directors is the highest supervisory body of climate change management, and its responsibilities include reviewing the annual risk management report and the implementation report to ensure the implementation effectiveness of the climate-related risk management system. The Sustainable Development Promotion Committee is responsible for identifying climate change risk opportunities on an annual basis, climate action measures and target management, and

	<p>regularly reports climate-related operational issues to the Board of Directors every year to ensure that the Company has a certain degree of mastery over climate change and will maintain the consistency between sustainability goals and the Company's overall strategy.</p> <p>2. Report greenhouse gas and environment-related indicators and climate risk monitoring to the management unit every year, and collect climate-related risks and opportunities. The heads of each business management unit determine the "likelihood" and the Company further analyzes and evaluates its impact on the Company's operations and business, and formulates relevant countermeasures to control climate-related risks and grasp business opportunities related to climate.</p> <p>3. Each unit of the Company will proposes climate risks/opportunities and countermeasures. After detailed discussion by the management with each unit, the priority of each countermeasure is developed based on the amount of resources and urgency, and a proposal is presented to the board meeting.</p>
II. Describe how the identified climate risks and opportunities affect the Company's business, strategy and finance (short-, medium-, and long-term).	<p>II. The Company analyzes the actual and potential climate risks and opportunities that it may encounter, identifies the climate risks and opportunities of different businesses and their financial impacts on the Company according to the climate risk identification procedure, prioritize the climate risks and opportunities, and conduct climate risk matrix identification.</p> <p><b><u>High risk</u></b></p> <ul style="list-style-type: none"> <li>● Short-term - Regulatory Transformation - Environmental regulations are becoming more stringent - Leads to increased environmental maintenance costs.</li> </ul> <p><b><u>Medium risk</u></b></p> <ul style="list-style-type: none"> <li>● Short-term - Technological Transformation - The introduction of new technologies - Leads to higher research and development costs.</li> <li>● Short-term - Regulatory Transformation - Carbon Disclosure - Non-compliance with established standards will result in penalties.</li> <li>● Short-term - Market Transformation - Increase in raw material costs - Leads to higher operating costs.</li> <li>● Long-term - Physical Long-term - Droughts - Increased costs for water use</li> <li>● Mid-term - Physical Immediate - Typhoons and heavy rainstorms - Equipment</li> </ul>



	<ul style="list-style-type: none"><li>● damage leads to operational interruptions</li><li>● Mid-term - Physical Immediate - Typhoons and heavy rainstorms - Increased demand for water purification equipment</li></ul> <p><b><u>Low risk</u></b></p> <ul style="list-style-type: none"><li>● Short-term - Physical Immediate - Typhoons and heavy rainstorms - Injuries to colleagues</li><li>● Long-term - Physical Long-term - Rising average temperatures - Increased demand for cooling and freezing equipment</li><li>● Long-term - Physical Long-term - Rising sea levels - Equipment damage leads to operational interruptions</li></ul> <p><b><u>High opportunity</u></b></p> <ul style="list-style-type: none"><li>● Short-term - Resource Efficiency - Recycling and reuse of recycled products leads to reduced operating costs</li><li>● Mid-term - Market - Development of new markets to increase revenue stream</li></ul> <p><b><u>Medium opportunity</u></b></p> <ul style="list-style-type: none"><li>● Mid-term - Resource Efficiency - Increased production efficiency leads to reduced operating costs</li><li>● Mid-term - Product - Responding to changes in customer preferences, developing green products leads to increased revenue</li></ul> <p>Short-term: 1 to 3 years Medium-term: 3 to 10 years Long-term: Over 10 years</p>										
III. Describe the financial impact of extreme climate events and transformation actions.	<p>III. Climate Change Risk - Transformation Risk</p> <table><tr><td></td><td>Risk identification</td><td>Operational impact</td><td>Countermeasure</td><td>Management cost</td></tr><tr><td>Laws and regulations</td><td>Revision of environment-related policies</td><td><ul style="list-style-type: none"><li>● Rising demand for plant cooling equipment</li></ul></td><td><ul style="list-style-type: none"><li>● Regulation tracking, identification and response</li></ul></td><td>In 2023, NTD18.5 million was invested in energy</td></tr></table>		Risk identification	Operational impact	Countermeasure	Management cost	Laws and regulations	Revision of environment-related policies	<ul style="list-style-type: none"><li>● Rising demand for plant cooling equipment</li></ul>	<ul style="list-style-type: none"><li>● Regulation tracking, identification and response</li></ul>	In 2023, NTD18.5 million was invested in energy
	Risk identification	Operational impact	Countermeasure	Management cost							
Laws and regulations	Revision of environment-related policies	<ul style="list-style-type: none"><li>● Rising demand for plant cooling equipment</li></ul>	<ul style="list-style-type: none"><li>● Regulation tracking, identification and response</li></ul>	In 2023, NTD18.5 million was invested in energy							

			<ul style="list-style-type: none"><li>• Rising demand for refrigeration equipment</li></ul>	<ul style="list-style-type: none"><li>• Planning of greenhouse gas reduction plans</li><li>• Continuing greenhouse gas inventory</li><li>• Acquisition and use of green electricity</li><li>• Receipt of public sector awards for continuous reduction of carbon emissions</li></ul>	saving and carbon reduction, the fee for third-party verification of greenhouse gas inventory was NTD340 thousand, and NTD610 million will be invested in improvement up to 2030.
		Strengthening of emission reporting obligations	The government has mandated specific industries to take inventory of their greenhouse gas emissions and to be certified by a third party, and this requirement will be expanded to other industries in the future. Increased costs due to the payment of fines		
	Technology	Increased investment costs in new technologies	Increased demand for new technologies in response to energy conservation and carbon reduction	<ul style="list-style-type: none"><li>• Promote energy conservation and carbon reduction measures</li><li>• Introduction of water-saving processes and projects</li></ul>	
	Market	Increase in cost of raw materials	In response to the demand for carbon reduction, the demand for environmental protection materials, low-carbon product development, low-carbon equipment and energy efficiency improvement continues to increase, resulting in higher related costs	<ul style="list-style-type: none"><li>• Low-carbon alternative fuels</li><li>• Improvement in energy efficiency</li><li>• Purchase of renewed energy</li><li>• Development of low-carbon products</li></ul>	
IV. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.		IV. Risk Management Identification and assessment: The process for identifying, evaluating, and managing climate risks follows a similar framework as various operational risk identification processes. This entails regular procedures for risk identification, assessment, control, and monitoring being employed to manage climate risks effectively. Furthermore, in response			



	<p>to the various climate-related physical risks and transformation risks that may be encountered in the operation process, Shinkong Synthetic Fibers plans to re-identify and evaluate the possible impacts and impacts of these risks and opportunities every year, and discuss the countermeasure for each issue and subsequent control actions, and systematically include them in our sustainability goals.</p> <p>Management mechanism: The Board of Directors recognizes the impact of climate change as a major risk to the Company. The Sustainable Development Promotion Committee formulates and manages climate-related issues. Through greenhouse gas inventory and third-party external verification, climate-related issues are systematically managed, and management results are reported regularly.</p>
V. If a scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions and analysis factors used as well as main financial impacts shall be described.	V. Scenario analysis is a crucial tool that helps businesses identify and respond to potential financial and operational risks that may arise in the future. It serves as a framework for corporate strategy planning and risk management, enabling businesses to effectively evaluate the impacts of future climate change. Therefore, the Company has devised plans to utilize scenario analysis to thoroughly assess the risks posed by climate change and their primary impacts on the company's finances. This ensures that our company can maintain resilience amid climate change.
VI. If there is a transformation plan in place to manage climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks.	<p>VI. Greenhouse gases are one of the main contributors to global warming. We actively participate in initiatives to reduce greenhouse gas emissions, adhering to regulations such as the "Regulations Governing Greenhouse Gas Emissions Reporting and Management" and the "Regulations Governing the Reporting of Greenhouse Gas Emissions from Fixed Pollution Sources in Public and Private Venues." The Company is committed to its responsibility for sustainable operations by consistently working towards reducing greenhouse gas emissions and addressing climate change.</p> <p>The implementation scope includes:</p> <ol style="list-style-type: none"> <li>1. <b>Conduct carbon inventory:</b> Assess the greenhouse gas emissions generated by the entire life cycle of an organization, product, or service in order to formulate emission reduction strategies and promote sustainable consumption and production models.</li> <li>2. <b>Optimize energy efficiency:</b> Proactively seek ways to save energy and reduce carbon, improve energy efficiency, switch to low-carbon fuels, and reduce carbon emissions. Make energy conservation and carbon reduction a core task, and carry out low-carbon</li> </ol>

	<p>transformation through installation of renewable energy and clean energy installations, and set substantive carbon reduction goals to meet the Group's carbon reduction policy.</p> <p>3. <b>Develop carbon reduction products:</b> Research and develop new green products and technologies through technological innovation and application of core polyester technology, and invest in the development of various carbon reduction technologies, such as R&amp;D of low-carbon products such as recycling, bio-based polyester, and carbon capture and reuse. Improve product sustainability, such as recycling technology to produce ester pellets, promote green supply chain management, and promote the development of a circular economy.</p> <p>4. <b>Continue waste reduction:</b> Reduce, reuse, and actively recycle waste to reduce impact on the environment; promote resource management and source management to reduce our impact on natural resources through recycling, reuse, and source control. to reduce the emission of pollutants.</p> <p>Consequently, we enhance our product manufacturing processes and adapt our products to withstand climate change, thereby mitigating potential environmental impacts from our operations and upholding our dedication to sustainable environmental practices. Since the end of 2012, following the issuance of two relevant regulations on greenhouse gas reporting by the Environmental Protection Administration, the Company immediately established a "Greenhouse Gas Inventory Promotion Task Force." This task force conducts inventories of greenhouse gas emissions within our factory plants, verifies related operations, and regularly reports greenhouse gas emission inventory data as required by law. All operations and emission data are conducted in accordance with ISO 14064-1 standards. In order to achieve net zero emissions, the Company has formulated a sustainable net zero and low-carbon transformation strategy, targeting at direct emissions from operating activities (scope 1), indirect emissions from energy use (scope 2) reduction. For the quantification of other indirect emissions (Scope 3), the Company faces challenges in collecting and calculating the relevant data, which poses challenges in ensuring</p>
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	<p>accuracy. Consequently, we predominantly rely on a qualitative inventory, detailing each item in the annual inventory list and emission source identification table. In accordance with ISO 14064-1 standards, these emissions are excluded from the scope of inventory measurement. This method aligns with current international practices, given the intricate and uncertain nature of data collection and quantification processes. The Company is committed to further reducing emissions. In 2023, it invested approximately NT\$18.45 million in continuously improving equipment such as processes, HVAC systems, compressors, and lighting within the factory area to enhance energy efficiency and voluntarily reduce greenhouse gases. These efforts have been recognized by the general public.</p> <p>The indicators and targets employed by the Company to identify greenhouse gas emissions, manage physical risks, and transition risks are described below:</p> <ol style="list-style-type: none"> <li>1. Transition risk: Using the percentage of greenhouse gas emission reduction as an indicator, taking 2021 as the baseline, it is expected to reduce the emission by 7% in 2025 and gradually reduce the emission by 22% in 2030.</li> <li>2. Physical risk: The climate-derived operating cost risk will lead to soaring electricity bills. The Company uses the electricity consumption per unit of production as an indicator and 2018 as the base year. the reduction is targeted at 8% in 2025, and gradually to 20% by 2030.</li> </ol>
VII. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated.	VII. Use internal carbon pricing as a planning tool to help quantify the cost of climate-related risks, incentivize energy conservation, and assess product carbon footprint. The Company has been investing in energy conservation and emission reduction for many years, and has also successively checked and quantified the carbon footprint of products. In the future, we will further evaluate the introduction of an internal carbon pricing tool to better evaluate the impact of climate risks.
VIII. If climate-related goals are set, the activities covered, the scope of greenhouse gas emissions, the planning period, and the	VIII. Shinkong Synthetic Fibers actively participates in the reduction greenhouse gases and is committed to mitigating climate change. It has established a "carbon neutrality project team", which takes 2021 as the base year to reduce carbon emissions by 7% in 2025 and 22% in 2030, and reach net zero by 2050. From green procurement, alternative fuels,

progress of each year shall be described; if using carbon offsets or renewable energy certificates (RECs) to achieve the goals, the source and quantity of the credit to be offset or the quantity of Renewable Energy Certificates (RECs) shall be stated.	energy efficiency improvement, waste recycling and reuse and green product development, the Company continuously promotes and transforms to a green business model. In 2023, the carbon emission amount has decreased by 17.4% compared to the base year.
IX. Greenhouse gas inventory and assurance status as well as reduction goals, strategies, and concrete action plans.	IX. Please refer to the attached table.

## 2 The Company's GHG inventory and assurance in the most recent 2 fiscal years

### 2-1. Greenhouse gas inventory

Describe the greenhouse gas emissions (tCO <sub>2</sub> e), intensity (tCO <sub>2</sub> e / NTD million) and data coverage in the most recent two fiscal years.		
Information coverage : Chungli Plant + Guanyin Plant		
Year	2022	2023
Emission quantity tCO <sub>2</sub> e)		
Scope 1	123,911	106,602
Scope 2	203,281	181,099
Intensity (tCO <sub>2</sub> e/NTD million)	11.62	13.19

### 2-2. Greenhouse gas inventory

Describe the status of assurance in the most recent 2 fiscal years up to the publication date of this annual report, including the scope of assurance, institutions of assurance, criteria of assurance, and opinions of assurance.			
2022	Chungli Plant	Guanyin Plant	Taipei Headquarters
Assurance institutions	BV	Industrial Technology Research Institute	—
Verification opinion	According to the verification process and procedures conducted by Bureau Veritas Certification (Taiwan) Co., Ltd., there is sufficient evidence to show that the greenhouse gas claim of Shinkong Synthetic Fibers Corp.'s Chungli Plant is not substantive different. The greenhouse gas data and related	Industrial Technology Research Institute conducted an independent verification of the greenhouse gas assertion reported by Guanyin Plant of Shinkong Synthetic Fibers Corp. This case complies with the regulations of the Environmental Protection	—

	information are presented in a fair manner and prepared in accordance with ISO/CNS 14064-1:2006, Regulations Governing the Greenhouse Gas (GHG) Emission Inventories and Registration, Greenhouse Gas Emission Inventory Guidelines, Greenhouse Gas Verification Guidelines, and relevant regulations of the Environmental Protection Administration.	Administration, Executive Yuan. The result of the verification does not show violation of substantive restrictions and is compliant with the reasonable assurance level recognized by the Environmental Protection Administration, Executive Yuan.	
2022	Chungli Plant	Guanyin Plant	Taipei Headquarters
Assurance institutions	DNV	DNV	DNV
Verification opinion	Declaration of verification is under review by DNV.	Based on the verification process and procedures executed by the verifier, there is sufficient evidence to show that the greenhouse gas assertion of Shinkong Synthetic Fibers Co., Ltd. Guanyin Plant is not materially different, and the greenhouse gas assertion is made in accordance with the greenhouse gas quantification, monitoring	DNV has conducted inspections in accordance with the verification guidelines ISO 14064-1:2018, ISO 14064-3:2019, ISO 14065:2020 and ISO 14066:2011. DNV is of the opinion that the greenhouse gas inventory report issued on February 7, 2024 (final version) does not contain any

		<p>and reporting standards stipulated in the agreed verification criteria to prepare and fairly present greenhouse gas data and related information.</p>	<p>non-compliance with the abovementioned requirements or significant differences in verification standards. The opinion was determined based on the following methods:</p> <ul style="list-style-type: none"><li>- The reliability of the information in this report has been verified with a reasonable level of assurance for direct greenhouse gas emissions and indirect greenhouse gas emissions from energy input.</li><li>- The information related to other indirect greenhouse gas emissions is verified and tested using the limited assurance level.</li></ul>
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### 3. Greenhouse gas reduction goals, strategies and concrete action plans

Describe the greenhouse gas reduction base year and data, reduction goals, strategies, and concrete action plans and achievement of the reduction goals.

2021 is the base year.

- I. Reduce carbon emissions by 7% in 2025 and 22% in 2030, and reach net zero by 2050; from green procurement, alternative fuels, energy efficiency improvement, waste recycling and reuse and green product development, the Company continuously promotes and transforms to a green business model.
- II. In response to climate change, greenhouse gases emission management is a global issue. Energy savings and carbon reduction have been combined with the sustainable environmental development of the Company.
- III. Promote the development of circular economy with resource management and source management such as waste reduction, recycling, and promotion of green supply chain.
- IV. The replacement of heat medium boiler fuel was set into action for the whole factory by changing fuel to gas in order to improve the air quality. And we acquired the registration of the "Measures for the Management of Greenhouse Gas Replacement Projects" from the EPA in February 2015.
- V. In response to the government's greenhouse gas reduction, in 2023 we voluntarily joined the reduction measures for greenhouse gas emissions and finished the declaration in March 2024. A total of 64 voluntary reductions were reported, with an annual electricity savings of 3,649,666KWH and a carbon reduction of 1,807 tons.
- VI. Continue to save energy and reduce waste, introduce new energy-saving technologies to increase energy efficiency in order to meet the 1% power savings required by the Ministry of Economic Affairs. In line with the electricity saving regulation by the Bureau of Energy, the average annual savings in 2023 was 1.04%, and the result is under the review of the Bureau of Energy. To enhance the Company's green image and instill a culture of energy conservation within the organization, we established the "Energy Saving Improvement Incentive Scheme" in 2018. Through the distribution of bonuses and certificates, we aim to increase employee participation and innovation in energy conservation, thus fostering a more energy-efficient environment. "Process improvement," "equipment improvement," and "energy management" are the three main pillars continuously promoted by the Company in 2023. We proposed 78 energy-saving improvement projects in 2023, with an investment of approximately NT\$18,454 thousand. After completion, we expect to save 6,062 kWh/year



in electricity, conserve 505,538 NM3 of natural gas, and achieve annual benefits of NT\$19,568 thousand. In 2023, we completed 64 energy-saving measures, providing benefits worth NT\$10,358 thousand, equivalent to saving approximately 3,694 kWh of electricity and avoiding 1,529 tCO<sub>2</sub>e of greenhouse gas emissions.

VII. Develop emerging and renewed energies to reduce greenhouse gas emissions. In 2024, the Company purchase green electricity in compliance with laws and regulations to meet the obligatory volume requirements of large power users.

VIII. The green house gas reduction totaled 27.18% from 2019 to 2023.

(VIII) The state of the company's performance in the area of ethical corporate management, any variance from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such variance:

Assessment criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
I. Establishment of integrity policies and solutions (I) Has the company established an ethical management policy that has been passed by its Board of Directors, and clearly specified in its rules and external documents the ethical corporate management policies and the commitment by the Board of Directors and	√		(I) The Board of Directors has passed an "Anti-bribery Policy" and its "Ethical Corporate Management Best Practice Principles" that prohibit employees from committing any dishonest or illegal conduct. Furthermore, a set of "Procedures for Ethical	No deviation was found

Assessment criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
senior management on rigorous and thorough implementation of such policies and methods?			Management and Guidelines for Conduct” has been implemented to serve as compliance guidelines for employees’ daily practices.	
(II) Has the company established a risk assessment mechanism against unethical behavior, analyzed and assessed business activities within their business scope on a regular basis which are at a higher risk of being involved in unethical behavior, and established prevention programs at least covering the preventive measures specified in Paragraph 2, Article 7 “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”?	√		(II) The Company’s “Procedures for Ethical Management and Guidelines for Conduct” regulates the relevant code of conduct, and a specialized unit is designated to oversee the implementation. The Procedures already covers the preventive measures for various acts. The Company completes the “Commercial Ethics and Information Security Evaluation Form” (including overseas sites) every year to assess the operating activities within its business scope that have a high risk of unethical conduct.	No deviation was found
(III) Has the company specified operational procedures, behavioral guidelines, disciplines of violations, as well as an appeal system in the program against unethical behavior, and implemented such programs, and reviewed and revised the previous program on a regular basis?	√		(III) The Company’s “Commercial Ethics Guide” and “Procedures for Ethical Management and Guidelines for Conduct” specifically prohibit employees from offering, promising, requesting or accepting any inappropriate gains, whether personally or through a third party. The	No deviation was found



Assessment criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
			Company also has a whistleblowing system in place, and encourages report of dishonest and inappropriate conduct.	
II. Enforcing ethical management				
(I) Does the company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	√		(I) The Company's Anti-bribery Policy contains a "commission prohibition clause." Ethical Corporate Management Best Practice Principles has also been implemented to guide employees' compliance. The contract signed with the supplier includes the "Code of Conduct for Suppliers", which clearly stipulates the terms of ethical corporate management, and each supplier must sign the "Statement of Social Responsibility and Supplier's Conduct".	No deviation was found
(II) Has the company set up a dedicated responsible unit to promote corporate ethical management under the Board of Directors, and has such unit reported its execution in terms of ethical management policy and preventive programs against unethical behaviors and the supervision status to the	√		(II) Our company has established the "Procedures for Ethical Management and Guidelines for Conduct," with an ethical management task force responsible for implementation, reporting to the Board of Directors annually. In 2023, there were no incidents of corruption or anti-competitive behavior reported.	No deviation was found

Assessment criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
Board of Directors on a regular basis (at least once a year)?				
(III) Does the company have any policy that prevents conflict of interest, and channels that facilitate the reporting of conflicting interests?	√		(III) The interest conflict policy is clearly specified in the “Procedures for Ethical Management and Guidelines for Conduct” formulated by the Company.	No deviation was found
(IV) Has the company established an effective accounting system and internal control system in order to implement ethical management, and propose relevant audit plans according to the assessment results of the risks of unethical behaviors, and review the compliance status of the prevention of unethical behaviors, or entrust an account to carry out the review?	√		(IV) The Company’s accounting policy, internal control system and internal audits have been carried out according to rules, and are duly reported to the board of directors.	No deviation was found
(V) Does the company organize internal or external training on a regular basis to maintain business integrity?	√		(V) During the executive meeting this year, the Company conducts education on ethical management and insider trading prevention for senior managers, managers and employees, and holds regular internal education courses on ethical management related issues; on the	No deviation was found



Assessment criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
			Employee Care Day, ethical corporate management and compliance (anti-corruption, anti-bullying) are arranged by the plants and sections; this year, the training hours totaled approximately 2,965 hours, with a total of 2,271 participants.	
III. Whistleblowing system (I) Does the company provide incentives and means for employees to report misconduct? Does the Company assign dedicated personnel to investigate the reported misconduct?	√		(I) 1. The Company has established the “Commercial Ethics Regulations”, “Anti-bribery Policy”, “Management Procedures for Whistleblowing, Complaints and Suggestions and Employee Feedback”, and provides a toll-free complaint hotline for the Group: 0800-588-100 or anti-corruption mailbox: anti-corruption@shinkong.com.tw (located in the Audit Office); internal and external personnel can directly dial the extension 1199 (located at the Plant Affairs Division). 2. The channel for whistleblowing is	No deviation was found

Assessment criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
(II) Has the company implemented any standard procedures and/or subsequent measures after carrying out an investigation or confidentiality measures for handling reported misconduct?	√		<p>publicly disclosed on the Company's website. At the same time, a dedicated unit is designated according to the content of the report to handle the reported case in accordance with the prescribed procedures. In case of a complaint from the competent authority, internal or external complaint, or any other violation of commercial ethics, the responsible person will gather appropriate personnel to form a team to investigate the matters. (Please refer to the official website of the Company for details:  <a href="http://www.shinkong.com.tw/front/investors">http://www.shinkong.com.tw/front/investors</a>)</p> <p>(II) The Company specifies the procedures for handling whistleblowing cases in the "Management Procedures for Whistleblowing, Complaints and Suggestions and Employee Feedback Procedure". The "Management Procedures for Whistleblower Protection and</p>	No deviation was found



Assessment criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
(III) Has the company provided proper whistleblower protection?	√		<p>Anti-Retaliation” is established to keep the identity of the whistleblower and the content of the report confidential. (Please refer to the official website of the Company for details: <a href="http://www.shinkong.com.tw/front/investors">http://www.shinkong.com.tw/front/investors</a> )</p> <p>(III) 1. The Company has clearly stipulated in the “Management Procedures for Whistleblower Protection and Anti-Retaliation” that the identity of the whistleblower and the content of the report shall be kept confidential, and at the same time promises to protect the whistleblower from improper treatment due to the whistleblowing.</p> <p>2. In 2023, a total of 3 external complaints and 3 direct employee complaints were received, none of which involved unethical behavior. These mainly pertained to business service disputes and operational process improvements. After ensuring the confidentiality of the</p>	No deviation was found

Assessment criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
			complainants' identities, the issues were investigated, and appropriate improvement measures were undertaken to ensure integrity and transparency in conduct.	
IV. Enhancing information disclosure Has the company disclosed its Ethical Corporate Management Best Practice Principles and progress onto its website and MOPS?	√		The Company has already disclosed ethical corporate management-related information on the internal knowledge exchange platform for employees to review, and on the company website for public inquiries. All employees of the Company have been able to perform duties in compliance with the relevant rules.	No deviation was found
V. If the Company has established business integrity policies in accordance with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, please describe its current practices and any deviations from the Best Practice Principles: The Company has established a set of “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct.” Employees’ current practices are indifferent from the above principles.				
VI. Other information relevant to understanding the Company’s business integrity (e.g. review of business integrity principles) The Company’s “Procedures for Ethical Management and Guidelines for Conduct” have outlined the relevant code of conduct and designated a specialized unit to oversee implementation.				

(IX) If the Company has established corporate governance principles or other relevant guidelines, references to



such principles must be disclosed:

The “Regulations on Corporate Governance” formulated by the Company can be found on the Company’s website at [www.shinkong.com.tw](http://www.shinkong.com.tw).

(X) Other important information materials to the understanding of corporate governance within the Company:

**Succession planning for board members and key management personnel:**

The Company's board structure is designed to meet the operational needs and shareholding structure of the Company. The succession plan for board members is developed based on specific criteria, and a database of potential board candidates is maintained accordingly. These criteria include:

1. 1.Basic conditions and values: gender, age, nationality and culture, etc.
2. 2.Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industrial experience.
3. Demonstrate integrity, responsibility, innovation, and decision-making capabilities, consistent with the core values of the Company and contributing to professional knowledge and skills for Company management.
4. Relevant experience related to the Company's business operations.

The Company has established the "Regulations Governing the Performance Evaluation of the Board of Directors" to assess the effectiveness of the board's operations and to evaluate the performance of directors. These criteria encompass overseeing company objectives and tasks, understanding responsibilities, engaging in operations, managing internal relationships and communication, professional competency and growth, internal controls, and expressing informed opinions. For the succession planning of key

management positions, we aim to strengthen the capabilities of successor candidates in corporate management, industry analysis, new technology, and senior management functions (visionary leadership, cross-team collaboration, developing others, decision-making, strategic thinking, business acumen, etc.). We continuously organize management courses and lectures. In 2023, we conducted seminars on international economic trends and industry outlooks, courses on ChatGPT application trends, cost management, seminars on corporate sustainability, R&D, innovation, and practical credit facilities operations and case studies. Moreover, through internal job rotations, we assist successor candidates in expanding their operational insights, cultivating cross-functional team integration capabilities and teamwork to smoothly execute the succession plan. The current President joined the Company in 1993 and has served in various roles, including factory plant manager of various factories under the Chemical Fiber Business Group, General Manager of overseas subsidiaries (Huachun and Shinkong Industry (Hangzhou)), and Director of the General Engineer's Office. In 2022, he assumed the position of President of the Company.



## (XI) Internal Control System Execution Status

Shinkong Synthetic Fibers Corp.  
Statement of Internal Control System



Date: March 11, 2024

Below is the statement of the Company's 2023 internal control system based on the self-evaluated result:

1. The Board of Directors and management of the Company are responsible for establishing, implementing, and maintaining an adequate internal control system. The purpose of our internal control is to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance, and safeguarding of assets), as well as reliability, timeliness, and transparency of our reporting and compliance with applicable laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the aforesaid three objectives. Moreover, the effectiveness of an internal control system may be subject to the changes of environment or circumstances. Nevertheless, our internal control system contains self-monitoring mechanisms and the Company takes immediate remedial actions in response to any deficiencies identified.
3. The Company evaluates the design and operational effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations divide into five key components based on the process of management: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring. Each component further contains several items. For the aforesaid items, please refer to the Regulations for details.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the evaluation mentioned above, the Company believes that, as of December 31, 2023, its internal control system (including the supervision and management of its subsidiaries), as well as its internal controls to monitor the achievement of its objectives concerning operational effectiveness and efficiency, reliability, timeliness and transparency of the reporting, and compliance with applicable laws and regulations, were effective in design and operation, and reasonably assured the achievement of the above-mentioned objectives.

This Statement will be the main content of the Company's Annual Report and Prospectus, and will be publicly disclosed. Any falsehood, concealment, or other illegality in the aforesaid public content will be liable for legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

6. This Statement has been passed by the Board of Directors on March 11, 2024, with

the attendance of 12 directors. 0 Directors expressing objections, and the remainder all affirming the content of this Statement.

Shinkong Synthetic Fibers Corp.

Chairperson: Tong-Sheng Wu

Signature:

President: Chin-Ta Ou

Signature:

2. If the internal control system was reviewed by an external CPA, the result of such review must be disclosed: None.

(XII) Penalties imposed against the Company for regulatory violation, or penalties against employees for violation of the internal control system, describe areas of weakness and any corrective actions taken: None.

(XIII) Significant resolutions made in shareholders' meetings, Board of Directors meetings, and Audit Committee, Salary, and Remuneration Committee meetings.

#### 1. Shareholders' Meeting

Year of meeting	Time of meeting	Significant resolutions and implementation status
2023	2023/6/2	<ol style="list-style-type: none"> <li>1. Passing the 2022 business report and financial statement.</li> <li>2. Passing the earnings appropriation proposals for the year of 2022. Implementation: Cash dividend baseline date was September 8, 2023 and the payment date was September 27 2023 (Cash dividend was NT\$1.00 per share).</li> <li>3. Passing the amendment to the "Rules of Procedure for Shareholders Meeting" of the Company. Implementation status: The amendments are completed.</li> <li>4. Director-elect for the 19th Board: Shin Kong Development Co., Ltd.: Tong Sheng Wu, Tung Ming Wu and Hsin-Chieh Wu Ji Zhen Co., Ltd.: Hsing- En Wu Shinkong Co., Ltd.: Steve Hong Tay Way Enterprise Co., Ltd.: Ching Chun Chiu and Huoo-Tzau Shih Mian Hao Enterprise Co., Ltd.: Sun-Mo Ni Shin Kong Wu Ho-Su Cultural &amp; Educational Foundatio: Jung Chi Liu Independent director-elect for the 19th board: Hsien-Der Chiu, Huei-Huang Lin and Yung-Ching Tsai</li> <li>5. Passed the removal of Article 209 of the Company Act restrictions imposed against the Company's directors and representatives for being involved in competing businesses.</li> </ol>

## 2. Board of Directors

Meeting session	Time of meeting	Significant resolutions
The 22nd meeting of the 18th Board of Directors	2023/1/16	<ol style="list-style-type: none"> <li>1. Distribution of the 2022 performance bonuses for the managerial staff</li> <li>2. Distribution of the 2022 year-end bonus</li> <li>3. Change of the Head of the Financial Department.</li> <li>4. To determine the date and venue for the Company's 2023 annual general meeting, and details concerning shareholders' rights of motion proposal</li> <li>5. Election of the Company's 2023 19th Board of Directors and independent directors.</li> <li>6. Matters associated with the acceptance of candidate nominations for directors (including independent directors) by shareholders with a shareholding of 1% or more.</li> <li>7. Removal of Article 209 of the Company Act on non-competition of directors and their representatives.</li> <li>8. The Company's 2023 audit fees for CPAs.</li> <li>9. Addition and renewal of the bank credit limit Resolution: The independent directors expressed no opinion on the above. Passed unanimously by all attending directors.</li> </ol>
The 23rd meeting of the 18th Board of Directors	2023/3/13	<ol style="list-style-type: none"> <li>1. The 2022 "Internal Control System Self Assessment" report and "Statement of Internal Control System".</li> <li>2. Partial amendment to the Company's "Internal Control System".</li> <li>3. The Company's 2022 financial reports and consolidated financial reports.</li> <li>4. Motion for the Company's 2022 earnings distribution</li> <li>5. The distribution of the 2022 employees' and directors' remuneration</li> <li>6. Nomination of candidates for the Company's directors (including independent directors) of the 19th board. Resolution: The nominated candidates for the Company's directors (including independent directors) of the 19th board include Tong-Sheng Wu, Tong-Ming Wu, Hsing-Chie Wu, Hsing-En Wu, Steve Hong, Ching-Chun Chiu, Huoo-Tzau Shih, Sun-Mo Ni and Jung-Chi Liu as general director candidates, and Hsien-Der Chiu, Huei-Huang Lin and Yung-Ching Tsai as independent director candidates. The professionalism and independence of candidates for independent directors have been reviewed by the Corporate Governance Director and confirmed to comply with relevant laws and regulations.</li> <li>7. Amendments to the Company's 2023 Annual General Meeting agenda</li> <li>8. Establishment of the Company's "Corporate Governance</li> </ol>



Meeting session	Time of meeting	Significant resolutions
		<p>Best-Practice Principles”</p> <p>9. Amendment to the Company’s “Sustainable Development Best Practice Principles”.</p> <p>10. The Company’s provision of a supporting letter for the subsidiary Shinkong International Leasing Corp.</p> <p>11. Renewal and cancellation of endorsement/guarantee limits.</p> <p>12. Renewal of bank credit limits</p> <p>Resolution: The independent directors expressed no opinion on the above. Passed unanimously by all attending directors.</p>
The 24th meeting of the 18th Board of Directors	2023/5/10	<p>1. Appointment of Accounting Department head</p> <p>2. Renewal of endorsement/guarantee limits.</p> <p>3. Renewal of bank credit limits</p> <p>Resolution: The independent directors expressed no opinion on the above. Passed unanimously by all attending directors.</p>
The 1st meeting of the 19th Board of Directors	2023/6/8	<p>1. Election of Chairperson</p> <p>Resolution: The attending director Jung-Chi, Liu nominated director Tong Sheng Wu to be re-elected as the Chairperson. All directors present passed to elect Tong-Sheng Wu as the Chairperson without dissenting opinions.</p>
The 2nd meeting of the 19th Board of Directors	2023/7/3	<p>1. Proposal to nominate Director Huoo-Tzau Shih as a Resident Director.</p> <p>Resolution: The independent directors expressed no opinion on the above. Passed unanimously by all attending directors.</p> <p>2. Appointment of Salary and Remuneration Committee members”</p> <p>Resolution: 1. Independent directors, Mr. Hsien-Der Chiu, Mr. Huei huang Lin, and Mr. Yung-Ching Tsai had conflict of interest in this case and should recused themselves as required by law. 2. After the aforementioned three independent directors recused themselves, the motion was approved by all attending directors.</p>
The 3rd meeting of the 19th Board of Directors	2023/7/26	<p>1. Distribution of the 2023 first half performance bonus for managerial staff</p> <p>2. Proposal to cancel the registration of the subsidiary Dayspring Ltd. (Dayspring)</p> <p>3. Renewal and cancellation of endorsement/guarantee limits.</p> <p>4. Renewal of bank credit limits</p> <p>Resolution: The independent directors expressed no opinion on the above. Passed unanimously by all attending directors.</p>
The 4th	2023/8/7	<p>1. Proposed termination of investment in Shinkong Vietnam</p>

Meeting session	Time of meeting	Significant resolutions
meeting of the 19th Board of Directors		<p>LLC.</p> <p>2. Setting the 2022 cash dividend baseline date</p> <p>3. Proposed increase of capital for the subsidiary Shinkong Materials Technology Co., Ltd.</p> <p>Resolution: The independent directors expressed no opinion on the above. Passed unanimously by all attending directors.</p>
The 5th meeting of the 19th Board of Directors	2023/11/7	<p>1. Election of Vice Chairperson</p> <p>2. 2024 audit plan.</p> <p>3. Relief of duty of the Company's Executive Vice President Chin-Chang Cheng</p> <p>4. The Company's provision of a supporting letter for the subsidiary Shinkong International Leasing Corp.</p> <p>5. Renewal and cancellation of endorsement/guarantee limits.</p> <p>6. Renewal of bank credit limits</p> <p>Resolution: The independent directors expressed no opinion on the above. Passed unanimously by all attending directors.</p>
The 6th meeting of the 19th Board of Directors	113/1/23	<p>1. Distribution of the 2023 performance bonuses for the managerial staff</p> <p>2. Distribution of the 2023 year-end bonus</p> <p>3. To determine the date and venue for the Company's 2024 annual general meeting, and details concerning shareholders' rights of motion proposal</p> <p>4. Removal of Article 209 of the Company Act on non-competition of directors and their representatives.</p> <p>5. Invested in the development of "Taoyuan Youth Venture Village and Smart Manufacturing Park".</p> <p>6. The Company's 2024 audit fees for CPAs.</p> <p>7. Change of the Company's stamp safekeeping department</p> <p>8. Renewal and cancellation of endorsement/guarantee limits.</p> <p>9. Renewal of bank credit limits</p> <p>10. Employee salary adjustment for 2024.</p> <p>Resolution: The independent directors expressed no opinion on the above. Passed unanimously by all attending directors.</p>
The 7th meeting of the 19th Board of Directors	113/3/11	<p>1. The Company's 2024 operating budget</p> <p>2. The 2023 "Internal Control System Self Assessment" report and "Statement of Internal Control System".</p> <p>3. The Company's 2023 financial reports and consolidated financial reports.</p> <p>4. Motion for the Company's 2023 earnings distribution</p> <p>5. The distribution of the 2023 employees' and directors' remuneration</p> <p>6. Promotion proposal of the Company's managers</p> <p>7. Amendments to the Company's 2024 Annual General</p>



Meeting session	Time of meeting	Significant resolutions
		<p>Meeting agenda</p> <p>8. Renewal and cancellation of endorsement/guarantee limits.</p> <p>9. Renewal of bank credit limits</p> <p>Resolution: The independent directors expressed no opinion on the above. Passed unanimously by all attending directors.</p>

### 3. Audit Committee

Meeting session	Time of meeting	Significant resolutions
18th meeting of the 3rd Audit Committee	2023/1/16	<p>1. Change of the Head of the Financial Department.</p> <p>2. The Company's 2023 audit fees for CPAs.</p> <p>Resolution: Passed unanimously by all members of the Audit Committee.</p>
19th meeting of the 3rd Audit Committee	2023/3/13	<p>1. The 2022 "Internal Control System Self Assessment" report and "Statement of Internal Control System".</p> <p>2. Partial amendment to the Company's "Internal Control System".</p> <p>3. The Company's 2022 financial reports and consolidated financial reports.</p> <p>4. Motion for the Company's 2022 earnings distribution</p> <p>5. The Company's provision of a supporting letter for the subsidiary Shinkong International Leasing Corp.</p> <p>6. Renewal and cancellation of endorsement/guarantee limits.</p> <p>Resolution: Passed unanimously by all members of the Audit Committee.</p>
20th meeting of the 3rd Audit Committee	2023/5/10	<p>1. Appointment of Accounting Department head</p> <p>2. Proposed pre-approval of the Company's CPAs, CPA firm and its affiliated companies to provide non-assurance services</p> <p>3. Renewal of endorsement/guarantee limits.</p> <p>Resolution: Passed unanimously by all members of the Audit Committee.</p>
1st meeting of the 4th Audit Committee	2023/7/26	<p>1. Proposal to cancel the registration of the subsidiary Dayspring Ltd. (Dayspring)</p> <p>2. Renewal and cancellation of endorsement/guarantee limits.</p> <p>Resolution: Passed unanimously by all members of the Audit Committee.</p>
2nd meeting of the 4th Audit Committee	2023/8/7	<p>1. Proposed termination of investment in Shinkong Vietnam LLC.</p> <p>2. Proposed increase of capital for the subsidiary Shinkong Materials Technology Co., Ltd.</p> <p>Resolution: Passed unanimously by all members of the Audit Committee.</p>
3rd meeting of the 4th Audit Committee	2023/11/7	<p>1. 2024 audit plan.</p> <p>2. The Company's provision of a supporting letter for the</p>

Meeting session	Time of meeting	Significant resolutions
Committee		3. subsidiary Shinkong International Leasing Corp. Renewal and cancellation of endorsement/guarantee limits. Resolution: Passed unanimously by all members of the Audit Committee.
4th meeting of the 4th Audit Committee	2024/1/23	1. The Company's 2024 audit fees for CPAs. 2. Invested in the development of "Taoyuan Youth Venture Village and Smart Manufacturing Park". 3. Renewal and cancellation of endorsement/guarantee limits. Resolution: Passed unanimously by all members of the Audit Committee.
5th meeting of the 4th Audit Committee	2024/3/11	1. The 2023 "Internal Control System Self Assessment" report and "Statement of Internal Control System". 2. The Company's 2023 financial reports and consolidated financial reports. 3. Motion for the Company's 2023 earnings distribution 4. Renewal and cancellation of endorsement/guarantee limits. Resolution: Passed unanimously by all members of the Audit Committee.

#### 4. The Remuneration Committee

Meeting session	Time of meeting	Significant resolutions
10th meeting of the 4th term Salary and Remuneration Committee	2023/1/16	1. Distribution of the 2022 performance bonuses for the managerial staff 2. Distribution of the 2022 year-end bonus Resolution: Approved by all members of the salary and remuneration committee.
11th meeting of the 4th term Salary and Remuneration Committee	2023/3/13	1. The distribution of the 2022 employees' and directors' remuneration Resolution: Approved by all members of the salary and remuneration committee.
1st meeting of the 5rd term Salary and Remuneration Committee	2023/7/26	1. Distribution of the 2023 first half performance bonus for managerial staff Resolution: Approved by all members of the salary and remuneration committee.
2nd meeting of the 5rd term Salary and Remuneration Committee	2024/1/23	1. Distribution of the 2023 performance bonuses for the managerial staff 2. Distribution of the 2023 year-end bonus 3. Employee salary adjustment for 2024. Resolution: Approved by all members of the salary and remuneration committee.
3rd meeting of the 5rd term Salary and Remuneration	2024/3/11	1. The distribution of the 2023 employees' and directors' remuneration Resolution: Approved by all members of the salary and remuneration committee.



Meeting session	Time of meeting	Significant resolutions
Committee		

5. Communication between the independent directors, the head of internal audit and CPA

The Company's audit unit regularly provides independent directors with audit reports on the Company's internal audits, and reports the latest audit status through the board of directors. Independent directors may inspect the Company's finance and business implementation at any time. If they have questions about the Company's operations, they can communicate with the supervisors of the relevant units for review and improvement; in terms of communication with CPAs, if an independent director has any questions about the Company's financial or business status, he/she can communicate with the CPAs at any time and instructs the Company's relevant units to conduct review and improvement.

Summary of the communication between the independent directors and the head of internal audit

Date	Communication Methods	Communication Items	Communication Results	Attendee
2023/1/16	Board of Directors	Internal Audit Report	Independent directors are aware of the internal audit report and have no special comments.	Independent Directors Chiu, Lin, Tsai and the head of audit
2023/3/13	Audit Committee, Board of Directors	"Internal Control System Self Assessment", "Statement of Internal Control System" and Internal Audit Report.	After communication with the independent directors regarding the results of the self-assessment of the internal control system for 20212, the independent directors are aware of the results with no special comments, and agreed with the contents of the "Statement on Internal Control System."	Independent Directors Chiu, Lin, Tsai, the head of audit, and CPAs

Date	Communication Methods	Communication Items	Communication Results	Attendee
			Independent directors are aware of the internal audit report and have no special comments.	
2023/5/10	Board of Directors	Internal Audit Report	Independent directors are aware of the internal audit report and have no special comments.	Independent Directors Chiu, Lin, Tsai and the head of audit
2023/7/3	Board of Directors	Internal Audit Report	Independent directors are aware of the internal audit report and have no special comments.	Independent Directors Chiu, Lin, Tsai and the head of audit
2023/7/26	Board of Directors	Internal Audit Report	Independent directors are aware of the internal audit report and have no special comments.	Independent Directors Chiu, Lin, Tsai and the head of audit
2023/8/7	Board of Directors	Internal Audit Report	Independent directors are aware of the internal audit report and have no special comments.	Independent Directors Chiu, Lin, Tsai and the head of audit
2023/11/7	Audit Committee, Board of Directors	2024 audit plan.	The independent directors supported the 2024 audit plan, and the motion was adopted as proposed.	Independent Directors Chiu, Lin, Tsai, the head of audit, and CPAs
		Internal Audit Report	Independent directors are aware of the internal audit report and have no special comments.	
2024/1/23	Board of Directors	Internal Audit Report	Independent directors are aware of the internal audit report and have no special comments.	Independent Directors Chiu, Lin, Tsai and the head of audit
2024/3/11	Audit Committee, Board of Directors	The 2023 “Self-Assessment of Internal Control System” and “Statement of	After communication with the independent directors regarding the results of the self-assessment of the	Independent Directors Chiu, Lin, Tsai, the head of audit, and CPAs



Date	Communication Methods	Communication Items	Communication Results	Attendee
		Internal Control System” Reports Internal Audit Report	internal control system for 2023, the independent directors are aware of the results with no special comments, and agreed with the contents of the “Statement on Internal Control System.” Independent directors are aware of the internal audit report and have no special comments.	

Summary of the communication between the Independent Directors and the CPAs

Date	Communication Items	Attendee
2023/3/13	The attesting CPA provided explanations regarding the financial statements, audit reports, audit quality indicators (AQIs) and key audit matters for 2022.	Independent Directors Chiu, Lin, Tsai and CPAs
2023/5/10	CPAs’ description on the financial statements for Q1 2023.	Independent Directors Chiu, Lin, Tsai and CPAs
2023/8/7	CPAs’ description on the financial statements for the first half of 2023.	Independent Directors Chiu, Lin, Tsai and CPAs
2023/11/7	CPAs’ description on the financial statements for Q3 2023 and the key audit matters for 2023.	Independent Directors Chiu, Lin, Tsai and CPAs
2024/3/11	CPAs’ description on the 2023 financial statements, audit report, quality indicators on CPA firm’s audit, and 2023 key audit items.	Independent Directors Chiu, Lin, Tsai and CPAs

(XIV) Documented opinions or written declarations made by directors or supervisors against board resolutions: None.

(XV) Summary of resignation or dismissal of personnel related to financial statement preparation (including the Chairperson, President, head of accounting, head of finance, chief internal auditor, corporate governance report supervisor and head of R&D):  
Summary of resignation and dismissal of relevant persons of the Company

April 16, 2023

Title	Name	On-board date	Discharged date	Reasons for resignation or discharge
Assistant Vice President, Financial Department	Chen Chia Wen	2015.05.12	2023.03.01	Retirement
Accounting Department Manager	Hsin-Chang Lin	2020.05.01	2023.05.10	Promoted to the Head of Financial Department.
Executive Vice President and head of Material Department	Chin-Chang Cheng	2015.01.01	2023.11.12	Retirement

#### IV. Information About the Company's Audit Fee

Unit: NTD thousands

CPA firm name Name	Name of CPA	CPA's Audit period	Audit fee	Non-audit fee	Total	Remarks
Deloitte & Touche	Wen-Hsiang Chen	2023/01/01~2024/03/31	6,950	3,652	10,602	
	Wen-Yea Shyu					

(I) Disclose the amount of audit fees and non-audit fees paid to the certifying CPAs, their affiliated firm and affiliated enterprises, and the content of non-audit services. In case of any of the following circumstances, disclose the following matters:

1. If the accounting firm is changed and the audit fees paid in the year of change are lower than those in the year before the change, disclose the amount of audit fees before and after the change and the reasons: None.
2. Any reduction in the audit fee by more than 10% compared to the previous year. State the amount, the percentage, and reason of such variation: None

(II) The audit fees referred to in the preceding paragraph are the fees paid by the Company to the certified public accountants for the audit, review and double check of the financial report and the review of financial forecasts.



## (III) Service content of non-audit fees

1. Certification of business tax direct deduction method: NT\$190,000.
2. Tax certification, transfer pricing report and master file report for NT\$ 1.588 million.
3. Legal service: NTD 1.854 million.
4. Industrial and commercial registration: NT\$15,000.

## V. Change of CPA: None.

## VI. The Company's Chairperson, General Manager, or any managers involved in financial or accounting affairs being employed by the accounting firm or any of its affiliated company within the most recent year: None.

## VII. Details of shares transferred or pledged by directors, managers, or shareholders with more than 10% ownership interest in the last year up until the publication date of this annual report.

## Changes in shareholding of directors, managers and major shareholders

Title	Name	2023		As of April 16 of the year	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares
Chairperson	Shin Kong Development Co., Ltd. Representative: Tong-Sheng Wu	0	0	0	0
Vice Chairperson	Shin Kong Development Co., Ltd. Representative: Hsin-Chieh Wu (Note 3)	0	0	0	0
Director	Shin Kong Development Co., Ltd. Representative: Tung-Ming Wu	0	0	0	0
Director	Chin Shan Investment Co., Ltd. Representative: Hsing-En Wu (Note 4)	0	0	0	0
Director	Ji Zhen Co., Ltd. Representative: Hsing-En Wu (Note 5)	0	0	0	0
Director	Shinkong Co., Ltd. Representative: Steve Hong	0	0	0	0

Title	Name	2023		As of April 16 of the year	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares
Director	Tay Way Enterprise Co., Ltd. Representative: Ching-Chun Chiu, Huoo-Tzau Shih	0	0	0	0
Director	Mian Hao Industry Co., Ltd. Representative: Sun-Mo Ni	0	0	0	0
Director	Shin Kong Wu Ho-Su Cultural & Educational Foundation Representative: Jung-Chi Liu	0	0	0	0
Independent Director	Hsien Der Chiu	0	0	0	0
Independent Director	Yung-Ching Tsai	0	0	0	0
Independent Director	Huei-Huang Lin	0	0	0	0
CEO	Tong-Sheng Wu	418,044	0	0	0
Vice Chairman	Shyr-Shyuan Luo	411,610	0	0	0
President	Chin-Ta Ou	212,257	0	0	0
Vice President	Chin-Chang Cheng (Note 6)	266,804	0	0	0
Vice President	Chih Lung Hsiao	2,289	0	0	0
Vice President	Kou-Tai Tsou	79,556	0	0	0
Vice President	Yao-ding Lee	238,893	0	0	0
CTO	Kou-Tai Tsou	79,556	0	0	0
Assistant Vice President	Chen-Chia Wen (Note 7)	0	0	0	0
Assistant Vice President	Chun-Shu Peng	123,174	0	0	0
Assistant Vice President	Chao-Jung Hsu	59,366	0	0	0
Assistant Vice President	Ping-Yi Hu	101,080	0	0	0
Assistant Vice President	Yao Xing	110,347	0	0	0
Senior Specialist	Yu-lin, Xu (Note 8)	72,481	0	0	0
Head of Financial Department	Hsin-Chang Lin (Note 9)	55,426	0	(1,000)	0
Accounting Supervisor:	Hsun-Neng Li (Note 10)	0	0	0	0
Corporate Governance Report Manager	Hao-Ning Ho	19,927	0	(27,000)	0

Note 1: The Company does not have shareholders who hold more than 10% of shareholding.

Note 2: The counterparts of the share-transfer or shareholding pledge are not the related persons.

Note 3: Ms. Hsiu-Mei, Wang Chen, the corporate representative of Shin Kong Development Co., Ltd., stepped down on June 2, 2023, and was succeeded by Hsin-Chieh Wu on the same day.

Note 4: Chin Shan Investment Co., Ltd. stepped down as director on June 2, 2023, with changes in shareholding disclosed until June 30, 2023.

Note 5: Ji Zhen Co., Ltd. was elected as director on June 2, 2023, with Hsing-En Wu serving as the corporate

representative.

- Note 6: Vice President, Chin-Chang Cheng retired on November 12, 2023, and his change in shareholding is disclosed as of November 30, 2023.
- Note 7: Assistant Vice President, Chen-Chia Wen retired on March 1, 2023, and his change in shareholding is disclosed as of March 31, 2023.
- Note 8: Assistant VP Yu-Lin Hsu was transferred to the position of Senior Specialist of the Corporate Planning & Management Department and concurrently appointed as the Head of Public Relations and General Affairs Group on September 16, 2023.
- Note 9: Accounting Supervisor Hsin-Chang Lin was promoted as the Head of Financial Department and concurrently the Accounting Department Manager on March 1, 2023. Lin was relieved of his duties as the Manager of the Accounting Department on May 10, 2023.
- Note 10: Accounting Supervisor Hsun-Neng Li assumed the position of Accounting Department Manager on May 10, 2023.

## VIII.Relationships among top-10 shareholders:

April 1, 2024

Name	Shares held by itself		Shares held by spouse and underage children		Number of shares held under another person's name		Names and Relationship of Top 10 Shareholders who are Related Parties, Spouses or within Second-Degree of Kinship to Each Other.		Remarks
	Shares held	Shareholdings percentage	Shares held	Shareholdings percentage	Shares held	Shareholdings percentage	Name	Relationship	
Shinkong Co., Ltd.	84,414,691	5.21%	-	-	-	-	-	-	
Representative: Hsueh-Fen Peng	0	0.00%							
Newrise Investment Co., Ltd.	80,883,027	4.99%	-	-	-	-	-	-	
Representative: Min-Wei Wu	0	0.00%							
Shin Kong Recreation Co., Ltd.	75,428,369	4.66%	3,514,692	0.22%	-	-	1. Yi Kuang Enterprise Co., Ltd., Sourcetek Co., Ltd., Gilgamesh Investment Co., Ltd., Ruixin Investment Co., Ltd.	Chairperson is the same.	
Representative: Tong-Sheng Wu	11,231,596	0.69%							
Shinkong Textile Co., Ltd.	56,104,285	3.47%	-	-	-	-	1. Shinkong Insurance Co. Ltd.	Both chairpersons are within second-degree of kinship	
Representative: Hsing- En Wu	0	0.00%							
Shinkong Insurance Co. Ltd.	49,162,144	3.04%	-	-	-	-	1. Shinkong Textile Co., Ltd.	Both chairpersons are within second-degree of kinship	
Representative: Hsin-Hung Wu	0	0.00%							
Sourcetek Co., Ltd.	39,789,255	2.46%	-	-	-	-	1. Gillian Investment Co., Ltd., Yi Kuang Enterprise Co., Ltd., Shin Kong Recreation	Chairperson is the same.	
Representative: Tong-Sheng Wu	11,231,596	0.69%							

Name	Shares held by itself		Shares held by spouse and underage children		Number of shares held under another person's name		Names and Relationship of Top 10 Shareholders who are Related Parties, Spouses or within Second-Degree of Kinship to Each Other.		Remarks
	Shares held	Shareholdings percentage	Shares held	Shareholdings percentage	Shares held	Shareholdings percentage	Name	Relationship	
							Co., Ltd., Ruei Hsing Enterprise Co., Ltd.		
Gilgamesh Investment Co., Ltd.	38,152,938	2.36%	-	-	-	-	1. Yi Kuang Enterprise Co., Ltd., Sourcetek Co., Ltd., Shin Kong Recreation Co., Ltd., Ruixin Investment Co., Ltd.	Chairperson is the same.	
Representative: Tong-Sheng Wu	11,231,596	0.69%	3,514,692	0.22%	-	-			
Toray Industries, Inc.	35,629,145	2.20%	-	-	-	-	-	-	
Yi Kuang Enterprise Co., Ltd.	33,523,296	2.07%	-	-	-	-	1. Gilgamesh Investment Co., Ltd., Yuan Pao Co., Ltd., Shin Kong Recreation Co., Ltd., Ruixin Investment Co., Ltd.	Chairperson is the same.	
Representative: Tong-Sheng Wu	11,231,596	0.69%	3,514,692	0.22%	-	-			
Ruixin Investment Co., Ltd.	32,106,538	1.98%	-	-	-	-	1. Gilgamesh Investment Co., Ltd., Sourcetek Co., Ltd., Yi Kuang Enterprise Co., Ltd., Shin Kong Recreation Co., Ltd.	Chairperson is the same.	
Representative: Tong-Sheng Wu	11,231,596	0.69%	3,514,692	0.22%	-	-			

## IX. Aggregate shareholding percentage

December 31, 2023; Unit: Shares; %

Investment Business (Note 1)	Held by the Company		Held by directors, supervisors, managers, and directly/indirectly controlled entities		Comprehensive investment	
	Shares held	Shareholding percentage	Shares held	Shareholding percentage	Shares held	Shareholding percentage
Pan Asian Plastics Corp.	50,569,938	100.00	-	-	50,569,938	100.00
Hsingshing Investment Co., Ltd	160,900,000	100.00	-	-	160,900,000	100.00
Shinkong Engineering	38,543,818	100.00	-	-	38,543,818	100.00
Shinpont Industry Inc.	25,245,000	49.99	5,000	0.01	25,250,000	50.00
Shin Chiun Industrial Co., Ltd.	83,800,000	100.00	-	-	83,800,000	100.00
Maxima Pacific Ltd.	16,078,055	100.00	-	-	16,078,055	100.00
SSFC Investment Ltd.	191,472	100.00	-	-	191,472	100.00
UBright Optronics Corporation	45,679,828	56.40	4,088,677	5.09	49,768,505	61.49
Shinkong Materials Technology Co., Ltd.	85,992,425	100.00	-	-	85,992,425	100.00
Tai Jin Investment	1,111,315	48.57	-	-	1,111,315	48.57
Shinkong International Securities Co., Ltd.	118,072,262	77.73	-	-	118,072,262	77.73
Pan Asian Plastics Industry Corporation	53,964,955	100.00	-	-	53,964,955	100.00
TacBright Optronics Corporation	263,586,455	56.86	13,739,486	2.96	277,325,941	59.82
Taipei Star Bank	84,968,278	27.07	7,586,865	2.42	92,555,143	29.49
Chi Jian Human-Resource & Management Co., Ltd.	Note 2	100.00	-	-	Note 2	100.00
Hsinshin Asset Management Co., Ltd.	5,370,000	100.00	-	-	5,370,000	100.00
Shinkong International Leasing Corp.	130,000,000	100.00	-	-	130,000,000	100.00
Shinkong Technologies	3,263,250	100.00	-	-	3,263,250	100.00
Shin Kong Application Materials	1,100,000	73.33	-	-	1,100,000	73.33
Far Trust International Finance	30,599,867	30.97	19,814,183	20.06	50,414,050	51.03
Otobuy Co., Ltd.	600,000	60.00	400,000	40.00	1,000,000	100.00
Ecofun Lab Corporation	1,840,000	33.33	-	-	1,840,000	33.33
Topbottle Resources Technology Corporation	1,488,000	20.00	-	-	1,200,000	20.00
Shinsol Advanced Chemical Corporation	37,358,859	43.63	-	-	37,358,859	43.63
Shin Kong Fintech Co., Ltd.	5,000,000	100.00	-	-	5,000,000	100.00
Shinkong Youth Co., Ltd.	51,000,000	100.00	-	-	51,000,000	100.00
SHINKONG VIETNAM LCC.	Note 2	100.00	-	-	Note 2	100.00
Thai Shinkong Industry Corporation Ltd.	117,499,997	62.04	-	-	117,499,997	62.04
Qi Teng Construction	500,000	100.00	-	-	500,000	100.00
	Note 2	100.00	-	-	Note 2	100.00

Investment Business (Note 1)	Held by the Company		Held by directors, supervisors, managers, and directly/indirectly controlled entities		Comprehensive investment	
	Shares held	Shareholding percentage	Shares held	Shareholding percentage	Shares held	Shareholding percentage
SHINKONG VIETNAM ENTERPRISE COMPANY LIMITED						

Note 1: Long-term investment accounted by the Company using the equity method.

Note 2: The entity is a limited liability company. The shareholding percentage is calculated based on capital contribution.

## Four. Financing Overview

### I. Capital and Shares

#### (I) Source of capital

##### 1. Formation of share capital in the last 5 years

Year	Month	Issued price (NTD)	Authorized capital stock		Paid-in capital stock		Remarks		
			Shares held (thousand shares)	Amount (\$ ,000)	Shares held (thousand shares)	Amount (\$ ,000)	Source of capital (\$ ,000)	Paid in properties other than cash	Others
1967	3	10	9,000	90,000	2,250	22,500	Incorporation	—	
2012	09	10	2,300,000	23,000,000	1,760,484	17,604,840	Buyback of the Company's shares and capital reduction by 677,230	—	Note 1
2014	07	10	2,300,000	23,000,000	1,725,797	17,257,970	Buyback of the Company's shares and capital reduction by 346,870	—	Note 2
2014	09	10	2,300,000	23,000,000	1,715,797	17,157,970	Buyback of the Company's shares and capital reduction by 100,000	—	Note 3
2014	12	10	2,300,000	23,000,000	1,663,461	16,634,613	Buyback of the Company's shares and capital reduction by 523,357	—	Note 4
2015	01	10	2,300,000	23,000,000	1,659,282	16,592,823	Buyback of the Company's shares and capital reduction by 41,790	—	Note 5
2015	11	10	2,300,000	23,000,000	1,618,409	16,184,093	Buyback of the Company's shares and capital reduction by 408,730	—	Note 6
2016	12	10	2,300,000	23,000,000	1,618,409	16,184,093	Merger of 100%-owned subsidiaries	—	Note 7
2019	07	10	2,800,000	28,000,000	1,618,409	16,184,093	Increase in authorized share capital	—	Note 8
2022	05	10	2,800,000	28,000,000	1,618,409	16,184,093	Cancellation of 5 shares of treasury stock.	—	Note 9

Note 1: Approved under Letter No. Jing-Shou-Shang-10101189860 dated 2012.09.11.

Note 2: Approved under Letter No. Jing-Shou-Shang-10301148650 dated 2014.07.24.

Note 3: Approved under Letter No. Jing-Shou-Shang-10301195490 dated 2014.09.18.

Note 4: Approved under Letter No. Jing-Shou-Shang-10301247150 dated 2014.12.26.

Note 5: Approved under Letter No. Jing-Shou-Shang-10401018510 dated 2015.01.30.

Note 6: Approved under Letter No. Jing-Shou-Shang-10401250260 dated 2015.11.30.

Note 7: Approved under Letter No. Jing-Shou-Shang-10501287790 dated 2016.12.27.



Note 8: Approved under Letter No. Jing-Shou-Shang-10801072730 dated 2019.07.15.

Note 9: Approved under Letter No. Jing-Shou-Shang-11101083870 dated 2022.05.17.

## 2. Share categories

Share categories	Authorized capital stock					Remarks
	Outstanding shares			Unissued shares	Total	
	Listed	Unlisted	Total			
Common share	1,618,409,286	-	1,618,409,286	1,181,590,714	2,800,000,000	

The Company did not offer securities using the aggregate reporting system.

### (II) Shareholders structure

April 1, 2024

Shareholders Count	Government institutions	Financial institutions	Other corporate entities	Personnel	Foreign institutions and foreigners	Total
Count	6	11	368	146,816	229	147,430
No. of shares held	15,537	61,218,482	615,469,531	748,908,676	192,797,060	1,618,409,286
Shareholding percentage	0.00%	3.78%	38.03%	46.28%	11.91%	100%

### (III) Ownership diversity

April 1, 2024

Shareholding level	Number of shareholders	No. of shares held	Shareholding percentage
1 to 999	72,944	13,940,330	0.86%
1,000 to 5,000	51,844	115,466,468	7.13%
5,001 to 10,000	11,011	86,175,456	5.33%
10,001 to 15,000	3,902	48,748,002	3.01%
15,001 to 20,000	2,356	43,705,566	2.70%
20,001 to 30,000	2,060	52,503,937	3.24%
30,001 to 40,000	864	30,960,677	1.91%
40,001 to 50,000	609	28,522,795	1.76%
50,001 to 100,000	1,062	76,826,849	4.75%
100,001 to 200,000	429	59,692,922	3.69%
200,001 to 400,000	151	41,267,171	2.55%
400,001 to 600,000	51	25,509,458	1.58%
600,001 to 800,000	21	14,455,555	0.89%
800,001 to 1,000,000	14	12,710,385	0.79%
1,000,001 and above	112	967,923,715	59.81%
Total	147,430	1,618,409,286	100.00%

### (IV) List of major shareholders

April 1, 2024

Shares	Shares held (shares)	Shareholding percentage
Name of major shareholder		
Shinkong Co., Ltd.	84,414,691	5.21%
Newrise Investment Co., Ltd.	80,883,027	4.99%
Shin Kong Recreation Co., Ltd.	75,428,369	4.66%
Shinkong Textile Co., Ltd.	56,104,285	3.47%
Shinkong Insurance Co. Ltd.	49,162,144	3.04%
Sourcetek Co., Ltd.	39,789,255	2.46%
Gillian Investment Co., Ltd.	38,152,938	2.36%
Toray Industries, Inc.	35,629,145	2.20%
Yi Kuang Enterprise Co., Ltd.	33,523,296	2.07%
Ruixin Investment Co., Ltd.	32,106,538	1.98%

### (V) Market price, net worth, earnings, and dividends per share

Item		Year	2022	2023	As of April 29, 2024
Market price per-share	Highest		21.40	18.65	17.40
	Lowest		15.40	15.00	14.60
	Average		18.58	16.74	16.03
Per-share net worth	Before distribution		21.92	22.46	22.03
	After distribution		20.92	21.91 (Note 1)	-
Per-share earnings	Weighted average outstanding shares		1,613,729	1,613,729	1,613,729
	Per-share earnings		1.75	0.47	0.22
Dividend per-share	Cash dividend		1.00	0.55 (Note 1)	-
	Bonus shares	Dividends from earnings	-	-	-
		Stock dividends from capital reserve	-	-	-
	Cumulative unpaid dividends		-	-	-
Analysis of investment returns	P/E ratio		10.62	35.62	72.86
	Price to dividends ratio		18.58	30.44 (Note 1)	-
	Cash dividend yield		0.05	0.03 (Note 1)	-

Note 1: Cash dividend appropriation proposals for 2023 have been resolved and passed by the Board of Directors on March 11, 2024. However, it has not yet been submitted to the shareholders' meeting for report.

### (VI) Dividend policy and execution

#### 1. Dividend policy:

The Company operates in a growing industry, and shall set dividends at levels that conform with the prevailing economic environment and the Company's goals toward sustainability and long-term growth. The Board of Directors shall emphasize maintaining stability and growth of dividends when making



earnings appropriation proposals. Depending on the availability of capital, dividends can be distributed in cash and (or) in shares, with cash dividends amounting to no less than 20% of total common share dividends for the current year.

Distribution of dividends and profit-sharing can be made wholly or partially in cash, which the board may propose during a meeting with more than two-thirds of the board members present and with more than half of the attending directors voting in favor, and raise the issue for discussion during the upcoming shareholders' meeting.

Annual surpluses concluded by the Company are first subject to taxation and reimbursement of previous losses, followed by a 10% provision for legal reserve. However, no further provisioning is needed when legal reserves have accumulated to the same amount as paid-up capital. Any surpluses remaining shall then be subject to provision or reversal of special reserve, as the laws or business activities may require. The remaining balance is then added to undistributed earnings, and the board shall propose a motion of earnings distribution to the shareholders' meeting for the resolution of to distribute dividends of to shareholders.

In its continuous efforts to expand our scale and enhance profitability, the Company aligns its actions with long-term financial planning while ensuring compliance with relevant regulations. The Company's dividend distribution policy dictates that dividends shall not be less than 25% of the after-tax net profit for the current year, deducted by the amount for compensating losses, legal reserves, and special reserves.

## 2. Execution:

The proposal of the Company's 2023 earnings distribution has been resolved by the board of directors with cash dividends of NT\$0.55 per ordinary share and stock dividend NT\$0.

A base date for ex-dividend will be set after the resolutions of cash dividends distribution and earnings distribution have been approved by the shareholders' meeting.



Shinkong Synthetic Fibers Corp.  
Earnings Appropriation Chart  
January 1 to December 31, 2023

Unit: NTD

Item	Amount
Opening undistributed earnings	8,001,718,058
Net income after tax for the period	764,409,710
Reversal of special reserve due to first-time adoption of TIFRS	0
Adjustment to retained earnings in relation to equity-accounted investments	14,413,334
Remeasurement of defined benefit plan recognized in retained earnings	13,974,719
Disposal of equity instruments investment measured at fair value through other comprehensive income - accumulated profit or loss directly transfer to retained earnings	0
Net income after tax plus the amount of items other than net income for the period included in undistributed earnings for the year	792,797,763
10% provision for legal reserve	(79,279,776)
Earnings available for distribution in current period	8,715,236,045
Distributions:	
Cash dividend was NT\$0.55 per share.	(890,125,107)
Closing undistributed earnings	7,825,110,938

(VII) Impacts of proposed stock dividends on the company's business performance and earnings per share: Not applicable.

(VIII) Employee and director remuneration

1. Percentage or range of employee/director remuneration stated in the Articles of Incorporation:

Annual profits concluded by the Company are subject to employee remuneration of no less than 1%, which the Board of Directors may decide to distribute in cash or in shares. Employees of subsidiaries who meet certain criteria are also entitled to receive remuneration. Up to 5% of the aforementioned profit may be distributed as director remuneration at the discretion of the Board of Directors. Employee and director remuneration proposals are to be raised for resolution during shareholders' meetings. Profits must first be taken to offset against cumulative losses, if any, before the remainder can be

distributed as employee/director remuneration in the above percentages.

2. Basis of calculation for employee/director remuneration and share-based remunerations, and accounting treatments for any discrepancies between the amounts estimated and the amounts paid.

According to the Articles of Incorporation, the Company provides for employee remuneration at no less than 1% and director remuneration at no more than 5% of the current year's pre-tax profit (before employee and director remuneration). The estimates of NT\$6,721 thousand of employee remuneration and NT\$0 of director remuneration in 2023 were based on the aforesaid 1% and 0% of profit before-tax respectively.

If the amount changes after the standalone financial statements are approved and announced to the public, the difference will be treated as a change in the accounting estimate and recognized as a gain or loss in the following year.

3. In 2024, the Board of Directors approved the distribution of the 2023 employee remuneration and director remuneration.
  - (1) It was resolved to distribute NT\$6,721 thousand as remuneration to employees and NT\$0 thousand to directors.
  - (2) Percentage of employee remuneration paid in shares, relative to net income and total employee remuneration shown in the stand alone financial statements: Not applicable.
4. Allocation of employee and director remuneration from the previous year's earnings:

The 2023 shareholders' meeting resolved to pass the 2022 remuneration of NT\$33,735 thousand to employees, which is the same as the employee bonus of NT\$33,735 thousand recognized in the financial statements for the year.

(IX) Shares re-purchased by the company: None.



## II. The Company's Handling of Corporate Bonds:

Types of Corporate Bonds		2020 First Corporate Bonds of Shinkong Synthetic Fibers Corp.	2020 Second Corporate Bonds of Shinkong Synthetic Fibers Corp.	2021 First Corporate Bonds of Shinkong Synthetic Fibers Corp.
Issue (Processing) Date		2020/11/19	2021/01/14	2021/10/28
Face value		NT\$1 million Type One	NT\$1 million Type One	NT\$1 million Type One
Issue and Trading Location		The Republic of China	The Republic of China	The Republic of China
Issued price		Issued in full by face value	Issued in full by face value	Issued in full by face value
Total		NT \$1,500 million	NT \$1,500 million	NT\$2 billion
Interest Rate		Fixed interest rate of 0.58% per annum	Fixed interest rate of 0.56% per annum	Fixed interest rate of 0.54% per annum
Period		5 years Maturity date: 2025/11/19	5 years Maturity date: 2026/01/14	5 years Maturity date: 2026/10/28
Guarantee Agency		Hua Nan Bank	Hua Nan Bank	Mega International Commercial Bank
Trustee		Bank SinoPac	Bank SinoPac	Bank SinoPac
Underwriter		KGI is the primary underwriter	KGI is the primary underwriter	KGI is the primary underwriter
Certified attorney		Attorney Hui-Chi Kuo of Yi-Cheng Law Firm	Attorney Hui-Chi Kuo of Yi-Cheng Law Firm	Attorney Hui-Chi Kuo of Yi-Cheng Law Firm
Certifying accountant		CPA Wen Hsiang Chen of Deloitte & Touche	CPA Wen Hsiang Chen of Deloitte & Touche	CPA Wen Hsiang Chen of Deloitte & Touche
Repayment		One re-payment of the principal at maturity from the issue date	One re-payment of the principal at maturity from the issue date	One re-payment of the principal at maturity from the issue date
Outstanding principal		NT\$1,500 million	NT\$1,500 million	NT\$2 billion
Redemption or early settlement terms		None	None	None
Restriction		None	None	None
Name of credit rating agency, date of rating, results of corporate bond rating		None	None	None
With other rights	Amount of ordinary shares, overseas depositary receipts or other marketable securities converted (exchanged or subscribed) as of publication date of the annual report	Not Applicable	Not Applicable	Not Applicable

	Issuance and conversion (exchange or subscription)	Not Applicable	Not Applicable	Not Applicable
If conversion, exchange, or subscription rights are attached to the bonds, the issuance and conversion, exchange, or subscription rules, possibility of dilution of equity under the terms and conditions of issuance, and effect on shareholder equity		No material adverse effect	No material adverse effect	No material adverse effect
Name of the depository institution of the exchangeable corporate bonds		None	None	None

III. Preferred shares: None.

IV. Global depository receipts: None.

V. Employee stock options: None.

VI. New issuance of employee restricted shares: None.

VII. Names of managers having acquired employee stock options and names of employees ranking top ten in convertible shares: None.

VIII. Status of new shares issuance in connection with mergers and acquisitions: None.

IX. Financing plans and implementation:

(I) Incomplete offering or private placement of securities from previous periods: None.

(II) Offering or private placement of securities completed in the last 3 years that have yet to achieve significant benefit: None.



## **Five. Operational Highlights**

### **I. Business Activities**

#### **(I) Scope of business**

##### **1. Principal business activities:**

- (1) C301010 Yarn Spinning Mills
- (2) C302010 Knit Fabric Mills
- (3) C303010 Non-woven Fabrics Mills
- (4) C306010 Outerwear Knitting Mills
- (5) C801100 Synthetic Resin & Plastic Manufacturing
- (6) C801120 Man-made Fiber Manufacturing
- (7) C805050 Industrial Plastic Products Manufacturing
- (8) CB01010 Machinery and Equipment Manufacturing
- (9) CC01120 Data Storage Media Manufacturing and Duplicating
- (10) F501060 Restaurants
- (11) F104110 Wholesale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products
- (12) F204110 Retail sale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products
- (13) F105050 Wholesale of Furniture, Bedclothes, Kitchen Equipment and Fixtures
- (14) F205040 Retail Sale of Furniture, Bedclothes, Kitchen Equipment and Fixtures
- (15) F113050 Wholesale of Computing and Business Machinery Equipment
- (16) F213030 Retail sale of Computing and Business Machinery Equipment
- (17) G202010 Parking Garage Business
- (18) H701040 Specialized Field Construction and Development
- (19) H701060 New County and Community Construction and Investment
- (20) I103060 Management Consulting Services
- (21) I501010 Product Designing
- (22) J701020 Amusement Parks
- (23) J701040 Recreational Activities grounds and Facilities
- (24) J801010 Golf Driving Range
- (25) J801030 Athletics and Recreational Sports Stadium

- (26) J901020 Hotels and Motels
- (27) JE01010 Rental and Leasing Business
- (28) IG03010 Energy Technical Services
- (29) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

2. Weight of business activities:

Unit: NT\$ thousand

Department	2022		2023	
	Amount of business activities	Weight of business activities (%)	Amount of business activities	Weight of business activities (%)
Polyester Division	35,060,749	76.27%	28,197,129	71.27%
Optoelectronics Business Group	6,015,747	13.09%	5,850,986	14.79%
Financing Securities Division	4,788,239	10.42%	5,435,582	13.74%
Others	102,938	0.22%	81,443	0.20%

3. Products and services offered by the Company and new products planned:

- (a) Plastics: Polyester chip, PET sheet, PET bottle and engineering plastics. New products under development include TPEE resin for various applications, biodegradable resin, high-performance polyester resin, PCR plastics, functional 3D printer materials, etc.
- (b) Chemical fiber products: Including polyester chips, polyester cotton, polyester filament, processed polyester yarn, and industrial yarn. The characteristics of each product have different functions and are suitable for different processes. Newly developed products include HTY (Hollow Section HTY), high DPF hollow section mother yarn, BIO-TPEE elastic fiber, recycle TPEE elastic fiber and dyeable fibers at



normal temperature and pressure.

- (c) Optronics: Prism and TAC film for TFT-LCD display, and PET film for various purposes. The Company plans to develop new products including polyester film for transparent solar module, polyester film for multilayer ceramic capacitors release film, and conductive coated polyester film. coated polyester film.
- (d) Financial services: Commercial banking, leasing, securities service, life insurance agency, and non-life insurance agency services.
- (e) Others: Mainly include construction sub-contracting, real estate development, information and software services.

## (II) Industry overview

### 1. Current and future industry prospects

#### (1) PET fibers

- a. Slowing demand: The chemical fiber market is affected by global inflation and geopolitical disputes. The weak demand throughout the year extended to the second half of 2023 and brand customers began to purchase goods at that time. It is expected that the sales will gradually increase in 2024.
- b. Sustainability and environmental protection: In 2023, global brands will continue to focus on environmental protection themes and carbon reduction issues. The Company leads the market in promoting more environment-friendly, energy-saving and carbon-reducing production means, equipment and materials, in order to comply with global environmental policies and meet the demands of the market and consumer needs.
- c. Technological innovation: Focusing on environmental protection, functionality, and energy conservation and carbon reduction, the Company developed a variety of innovative products combining new technologies, new materials, and new functions in 2023. We lead market innovation.
- d. Sales and service: The Long Fiber Division has

successfully developed sales and service bases in Vietnam and Indonesia, covering production technology services, OEM sales, etc., in response to the significant impact that global trade policies, tariffs, and import and export conditions may produce on the market.

## (2) Plastics

In 2024, the global demand for ester pellets for bottles was estimated at approximately 37.5 million metric tons, with a growth rate of approximately 5.4% under the impact of the pandemic. Ester pellets are mainly used in the manufacture of PE bottles for sodas, mineral water, tea and functional drinks. In recent years, PBT resin has maintained its growth rate of 4-5%. PBT resin is mainly used for engineering plastics, industrial and clothing fibers.

Currently the plastic product business faces the issues with eco-friendly, national protectionism, oversupply and competition, etc. How to break through the current situation and find a new development strategy is the main course for the industry to maintain the profitability.

According to the statistics of the Ministry of Economic Affairs, Taiwan's non-alcoholic beverages have been growing for 8 consecutive years since 2015, and the output value reached NT\$57 billion in 2022. The output value in 2023 is expected to continue the 8-year growth trend and set another record. In terms of product types, tea beverages accounted for the largest sales volume of about 19.5 billion (33%), followed by fruit juices with sales volume of 6.4 billion (11%), coffee drinks with sales volume of 5.85 billion (10%), carbonated drinks with sales volume of 5.73 billion (9.8%), and mineral water of 3.15 billion (5.4%) and sports drinks 3.15 billion (5.4%).

In addition to the existing sheet markets, the films are used in food, tools, printing, electronics, and medical packaging as



well as the new patented lunch box products. We are HACCP and ISO22000 certified professional manufacturers. The products use RPET/PET that meets the environment-friendly recycling requirements and passes food contact certification to be closer to the consumer market.

Due to the mature development of industrial technology and the increasingly fierce market competition, brand manufacturers devote more effort in marketing and product innovation. In particular, the ESG issues raised internationally in recent years have also begun to affect the development of the PET bottle industry toward the direction of lightweight, environmental protection, recyclability, and carbon reduction.

### (3) Optronics Products

Optronics products are mainly used for TFT-LCD display device, so TV, mobile phones, notebooks, and car-borne screens in large, small, and medium-sizes are the application of optronics products. The relevant industries' status is as follows:

- a. Polyester film: The overall polyester film industry is currently oversupplied. The low-end packaging products and optical products are mainly affected by the significant expansion of new production capacity of Chinese manufacturers and low-price competition from the overall supply chain of panel manufacturers. In China, the competition is particularly fierce as it is where the main market is. As the quality of the supply chain for mobile phone brands in Mainland China continues to improve, some of the Group's coated products are gradually introduced to major mobile phone brands in Mainland China, and the sales volume are gradually picking up. In conjunction with the affiliate UBright. Optronics Corp., the Company has been developing membranes for NBs and

automobiles. These products are gradually certified, and the sales volume has continued to grow.

- b. TAC film: According to the statistics in the research report, the global LCD industry continued to slump in the first half of 2023 followed by the second half of 2022, and the market did not improve. At the same time, large panel makers have started to reduce production. They must be more active and flexible in allocating production and sales to meet customer needs.

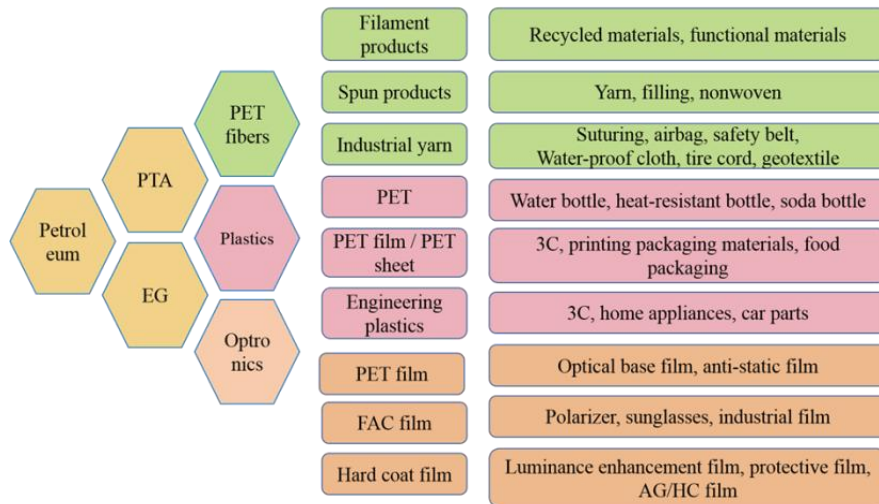
Overall data show that the total area of global polarizer shipments in 2023 slightly rebounded from 479 million square meters in the previous year to 505 million square meters. VA-Type had the highest proportion reaching up to 55%. The proportion of IPS -Type polarizers was 38%, and the proportion of TN/STN/WV polarizers was about 7%. However, the market still has a certain demand for large-size LCD TVs, notebook computers and desktop LCD monitors. In the future, there is still room for growth in market share.

On the whole, with the large-size LCD TV and the gradual popularization of 8K TV in the market, the largest output of polarizer manufacturers is currently in China. Once the production capacity is opened, the market share will increase significantly; it is expected that the TAC film market demand in 2024 will increase. The Group will consider optimizing the combination of various membrane products and plan the most suitable business strategy depending on the product performance, in order to increase the proportion of overall shipments and make stable contributions to operating performance.

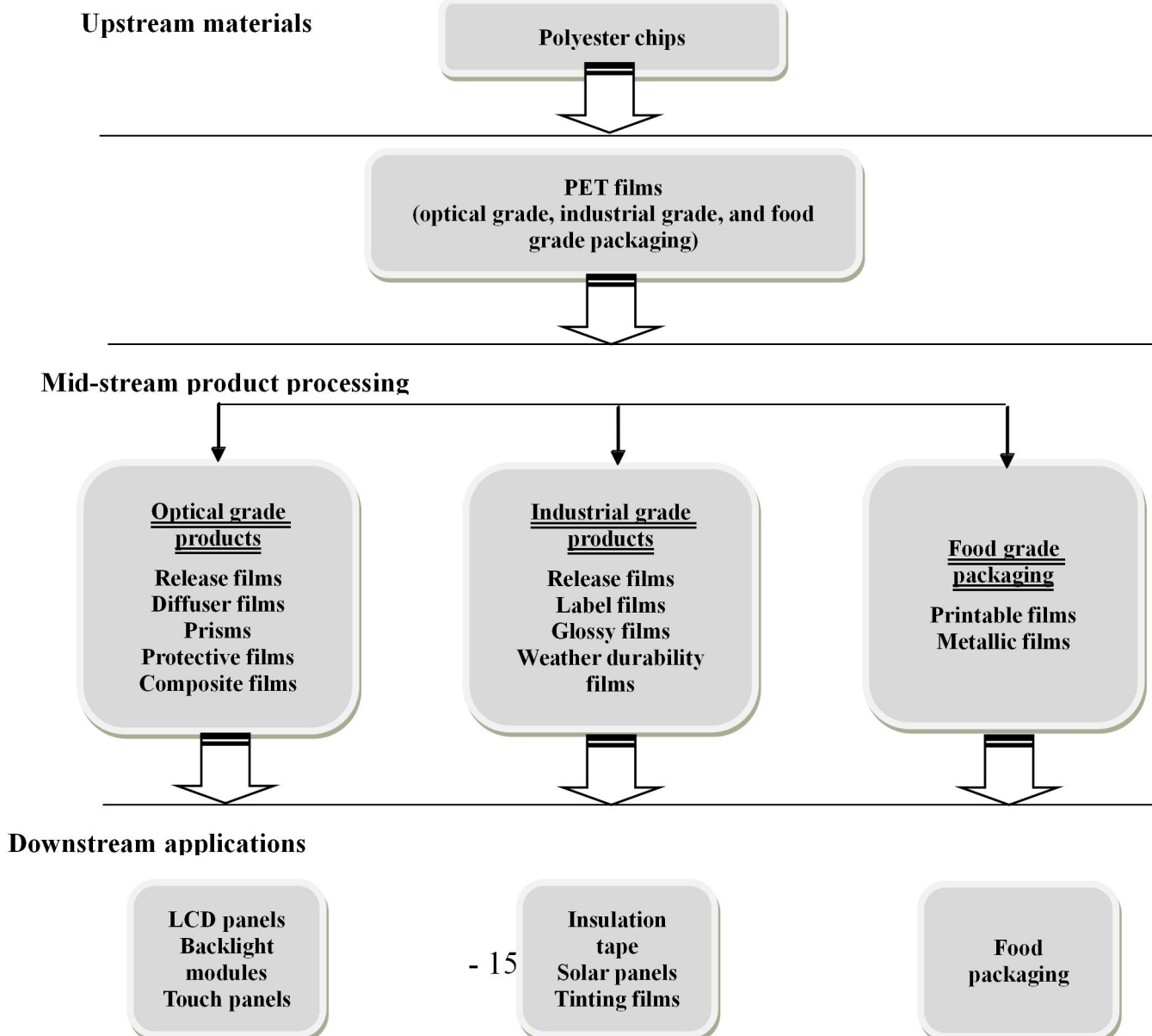
- 2. Association between upstream, midstream, and downstream manufacturing participants

- (1) Polyester industry (Relationship chart of the chemical fiber

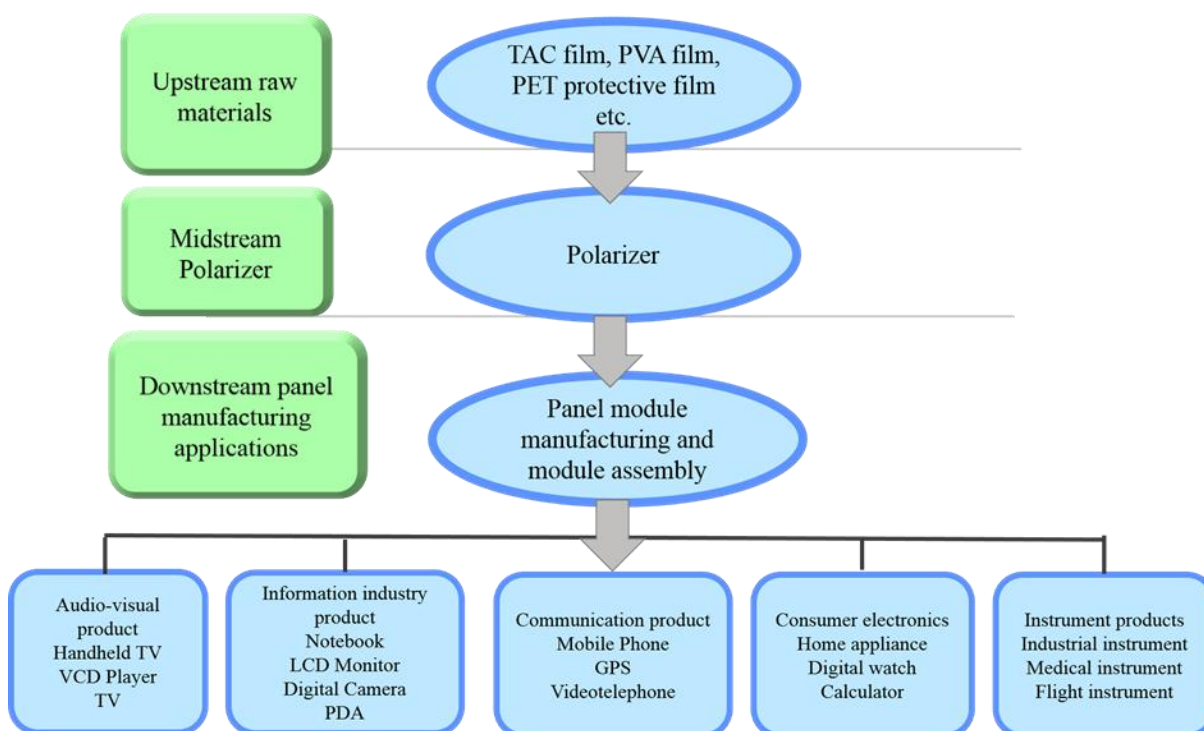
industry and plastics industry)



## (2) Industry association chart for optronics - PET film and prism



### (3) Industry association chart for optronics - TAC film



## 3. Product development tendencies and competition

### (1) PET fibers

In the polyester fiber market, the overcapacity of polyester fiber in mainland China has led to oversupply, which affects the stability of market prices and the competitiveness of global polyester fiber manufacturers. This and the uncertainty of the Sino-US trade war on the global economy and trading system result in a chaotic situation on the market. The polyester fiber market has been affected by changes in trade policies, such as tariff adjustments, import and export restrictions, etc. Moreover, due to the rise of international trade protectionism, trade restrictions and anti-dumping measures have been increased, which has an impact on the international trade of polyester fibers and increases the barriers to market entry.

In order to meet the needs of different markets for high performance and special purposes, functionality has become an important development direction for chemical fiber products for improvement of added value and enhancement of competitive advantages; in addition, with the increase in global environmental protection awareness and the goal of carbon



neutrality, the environmental protection and energy-saving features of products will become the key factors of market competition. The Group is moving towards reducing the environmental impact of the production process and introducing energy-saving, green, low-carbon and environmental-friendly products in order to reduce the carbon footprint in line with global environmental protection trends.

## (2) Plastics

### (a) Polyester chips:

With its transparent, non-fragile, non-toxic, lightweight, recyclable properties, and low impact on the environment, PET has gradually become a preferred packaging material for food, beverages, and utensils. PET has had an annual growth rate of approximately 5-6% in recent years. The oversupply situation remains in terms of the overall capacity of the industry. Due to the oversupply situation in solid polyester chips, price cut scenarios have become serious among peers, especially with China, who has been accelerating production in the recent years. Recycling of polyester chips (rPET) can reduce carbon emissions and meet the requirements of environmental protection. It is expected that the demand will grow gradually in the next few years.

### (b) Advanced materials:

Advanced material products are mainly used in electronic product components, with an increasing proportion of automotive electronics. The development of electric vehicles is maturing over the recent years, so the estimate of the demand for various plastics on vehicles will rise up simultaneously. In the future, advanced materials will grow with the industry of new-energy vehicles. In order to speed up the promotion of new products and shorten the certification process, the Group with UL to establish a

Performance Material Long-Term Thermal Aging Laboratory, LTTA Lab to significantly accelerate the product launch process and increase market competitiveness. In response to the sustainable earth and plastic restriction policy, putting green energy products in full play is our current priority. The ongoing development of biodegradable materials is our main focus for the next phase of products.

(c) PET sheet:

PET sheets are used for vacuum molding. They have advantages of low processing mold costs as well as their diversity. Due to the environmental protection issues becoming alarming, not only did we replace our original PVC or PS product packaging with environmentally friendly PET products, R-PET material has gradually started to be used as a substitute in different industries as well in response to environmental protection and carbon credit requirement. High-end electronic packaging products are gradually developed into electrical conductivity, heat resistance, and other special needs to improve product differentiation, and the packaging of medical peripheral products is also developing continuously, not only to improve product quality, but also to effectively increase profits.

(d) PET bottle:

PET bottles have the characteristics of good transparency, light weight, air-proof, resistance of acid and alkali, resistance to impacts and not easy to break. With low energy consumption and recyclability, it meets the requirements of being eco-friendly and is suitable for home use. Therefore, it is an excellent eco-friendly packaging vessel and is currently widely used for bottling beverages



of soda, tea, juice mineral water, etc.

### (3) Optronics Products

#### (a) PET film:

In recent years, the Group has been actively committed to the development of multi-functional films with high added value as well as the research of various forward-looking novel polymer films, and the development of high-energy composite polyester films suitable for applications such as optical panels, touch screens, energy conservation and environmental protection, home appliance decoration, 5G components and multi-component packaging materials, so as to provide multi-application substrates with competitive advantages for downstream customers. The Group is also developing all kinds of high-value polyester and composite base materials required by the change of industrial trends, with a view to creating win-win and common prosperity with users, becoming an indispensable mainstream supplier in the vertical supply chain of the polyester industry and leading the development of industrial trend at the same time, and focusing on a series of environmentally friendly new generation polymer films on the premise of taking into account corporate social responsibility, with a view to achieving a sustainable, intelligent high-value polyester industry.

#### (b) Prisms

In addition to the original application in notebooks and mobile phones, the expansion of the electric vehicle market in recent years has increased the demand for in-vehicle products. We distinguish ourselves from our competitors by relying on our R&D and new products. Based on continuously innovative R&D technology, we produce differentiated products to meet customer needs. With the

support of the Group and by combining the sales team with abundant industry sales experience and the partners that use strategies flexibly, we have been constantly developing successful new products and become one of the few manufactures in Taiwan with such product competition. We will continue to rely on our technological developments to increase the additional functions of production, and aim to vertically integrate the production of raw materials. We also expect to supply the market with cost-effective products to ensure the Group's competitive advantage.

(c) TAC film:

In recent years, the aggressive expansion of LCD panel plants and ultra wide polarizer production lines in Mainland China has boosted the investment of the local governments in the production of relevant key raw materials there, with polarizers being the most significant investments. It is anticipated that the global new production capacity of polarizers will be launched in succession and will further push up the requirement of key raw materials for polarizers. Among these, the low-permeability polarized photon protective film has received a great deal of attention due to the fact that LCD TV panels have become larger, low-permeability materials and derivative polarizers will become mainstream. Currently, TAC materials are also gradually being replaced by PMMA/PET with low moisture permeability in LCD TV polarizer applications. According to research, the replacement ratio will increase to 60% by 2028.

In 2023, the overall demand for LCD recovered slowly. However, due to the poor environment and weak end demand, the LCD industry is now in a state of chaos. At present, the upstream raw material suppliers of polarizers



are still expanding, and we look forward to supplying them to customers after the economy recovers.

As large-size LCD TVs generally use low moisture permeability materials, traditional TAC manufacturers have adjusted their existing production capacity and focused on the production of ultra-thin TAC films in response to future market changes. They have also invested in the research and development of films for energy storage, high-frequency communication, foldable mobile phones, etc.

In 2024, in addition to ensuring the stability of the TAC raw material supply chain, it is still necessary to comprehensively consider the competition between TAC and PET/PMMA and other alternative materials, as well as the exchange rate of USD and JPY. It is hoped that end consumer demand will effectively recover in the second half of the quarter.

### (III) Technological research and development

#### 1. Research and Development Overview

In order to develop new products and enhance the profitability, the Group has invested considerable funds in various analytical instruments and testing equipment over the years, as well as actively cultivating various professional talents and establishing an R&D center for new material development. Except for our own resources, we often jointly develop new technologies and products with foreign brand manufacturers and also irregularly cooperate with domestic research institutions in the industry, government, and academics to develop new products and new technologies, such as the Taiwan Textile Federation, Taiwan Textile Research Institute, Industrial Technology Research Institute and Plastic Industry Development Center, etc. At the same time, we also have technical cooperation with well-known foreign manufacturers including

DuPont and Toray to jointly develop new products.

In the future, SSFC will continue to invest in new product development while proactively improving the technology and creating added value. Our R&D direction and product layout in the future will be focused on functional, high-value, recyclable, energy-saving and eco-friendly polyester fiber, polyester pellets as well as engineering plastics.

2. Research and Development expenses

The research and development expenses in 2023 and first quarter of 2024 are NT\$478,135 thousand and NT\$125,180 thousand respectively.

3. Research and Development Results in the most recent 3 years:

(1) Plastics

Recycled PBT resin, Recycled TPEE resin for footwear/fiber/water-proof & breathable film materials, High-performance biodegradable polyester resin, low-melting temperature polyester resin, TPEE resin for footwear/fiber/water-proof & breathable film materials, transparent TPEE resin, cationic dyeable TPEE resin, bending-resistant polyester resin, high Rigidity 3D printer resin, high Toughness 3D printer resin, high gloss 3D printing filament, anti-static coating PET sheet, crystallizable PET sheet, insulation engineering plastics for car uses, hydrolysis resistant engineering plastics for car uses, high stability engineering plastics for household appliances, engineering plastic for health care, etc.

(2) PET fibers

Moisture management fiber, Functional/recycled PET fiber, Recycle flash dyed pet/cd-pet fiber, anti-static PET fiber, anti-seethrough PET fiber, PBT elastic fiber, recycle PBT fiber, TPEE elastic fiber, cationic dye dyeable TPEE elastic fiber, T/TPEE warped products (PET+TPEE),Shinhot thermal insulation PET fiber, Shincool high moisture absorption PET fiber, Shinfit elasticity & fit series, TPEE HTY, CD-TPEE HTY,



cotton-like fiber, fluorine-free water-repellent fiber, PET/PA6 melange yarn, waste fabric recycling fiber, PET/Spandex elastic covered yarn, PET recycle mother yarn, PET recycle high tenacity yarn, CD Recycle mother yarn, CD recycle high tenacity yarn, PET flame-retardant high tenacity yarn, PET flame-retardant & dope-dyed high tenacity yarn, High DPF hollow section mother yarn, etc.

(3) Optronics Products

Development and design of window films, full-size cross-cut rollers (mobile, Auto, NB, MNT, TV), and development of small and medium sized anti-ball drop and super high gain products, small-middle sized double sticky products (Prism on Prism, POP), clear HC for thin and anti-mura products, triple sticky products for NBs, middle sized Diffuser on Prisms (DOP), barrier-free low CD quantum dot films, prism sheet for vehicle use, multiple light barriers, environment friendly recycled materials, protective film for manufacturing process, protective film for shipment, surface treatment film for protective stickers, PET surface hardening treatment film for optical grade ITO sputtering, and film for UV ink printing.

(IV) Long-term and Short-term Business Development Plan

1. Fiber Business Group

The market competition is fierce, especially the emergence of the companies in Mainland China and Southeast Asia, and the chemical fiber industry in Taiwan is facing unprecedented challenges. Domestic peers are actively developing environment-friendly products. The competition is fierce and there is an urgent need for continuous innovation to ensure sustainable operations.

The long-term and short-term plans to be undertaken by the Group are as follows:

(1) Short-term plans:

- (a) Continuously replace machines to enhance product

quality.

- (b) Add new models of equipment to enhance product competitiveness and market share.
- (c) Increase the proportion of differentiated products to raise the sales of profitable products.
- (d) Parts of eco-friendly raw materials are produced by ourselves to avoid shortages.
- (e) Explore domestic and overseas new customers to decentralize the market.

(2) Long-term plans:

- (a) Increase the sales percentage of fiber for industrial use and home decoration.
- (b) Establish strategic alliances with major brands and cooperate to develop new niche products.
- (c) Eliminate trade barriers and redress the anti-dumping cases.
- (d) Promote industrial smartification to reduce manpower cost and enhance efficiency.
- (e) Expand overseas markets in response to market shifts, disperse the market, and avoid the risk of high tariffs.
- (f) Invest in Vietnam Plant to complete the industrial cooperation in production and sales.
- (g) As environmental protection is the future trend, the Group has begun to study the feasibility assessment of establishing a PTE bottle recycling plant in Southeast Asia.

2. Plastics Business

Because the demands of the market have developed toward diversification, the Group has also embarked on relevant plans to meet customers' demands:

(1) Short-term plans:



- (a) Strengthen product development differentiation to meet the demand of customers and the market.
  - (b) Enhance products' added value to increase profit.
  - (c) Disperse the market
  - (d) Promote recycle of polyester chips.
- (2) Long-term plans:
- (a) Strengthen to develop new products to enhance the profitability.
  - (b) Explore new markets to enhance market share.
  - (c) Strengthen customer service to raise the customer's satisfaction.

### 3. Optronics Business Group

To meet the needs of the market and customers, and to counter the threat of alternative materials, the Group will implement relevant plans:

- (1) Short-term plans:
- (a) Keep abreast of market information in a timely manner, strengthen the layout of overseas customers and stabilize market share.
  - (b) Focus on cost control and reduce the total cost of products, thereby enhancing competitiveness.
  - (c) Continuously improve production technology, integrate surface treatment and other optical film production to provide customers with supporting products, and increase the added value of products.
  - (d) In terms of precision coating applications, we will work with the Group's production needs to create the maximized effect.
  - (e) Continue the business and technical cooperation with leading Japanese companies and optimize the production plan to enhance the production technology capability and

quality management level of the Group.

(2) Long-term plans:

- (a) Develop new bright enhancement related products, including the use of new materials and the development of process technologies.
- (b) In response to future market changes, the Company has successively invested in research and development of films with functions such as energy storage, high-frequency communication, folding mobile phones, etc.
- (c) Invest in the development of high-transparency and high-heat-resistant polymer materials, with the expectation of applying them to the lens field.
- (d) Develop new nanometer materials and various specialty chemical products.
- (e) The Company is developing new materials in various ways to compete with competitive products on the market (PMMA&PET), and to effectively reduce the cost of key materials with unique formulations.

## II. Market and Sales Overview

(I) Market analysis

1. Fiber Business Group

- (1) Main sales regions: Including Mainland China, Hong Kong, the United States, Japan, Europe, Malaysia, and India.
- (2) Challenges to market share: Although the global market share is not high, the Group focuses on high value-added functional products and creates high value-added fiber products.
- (3) Supply and demand and growth trend: The supply of chemical fiber products in Mainland China exceeds the demand for general chemical fiber products, but the demand for environmental protection products is still growing. The Group will continue to expand the production capacity of



environmental protection products.

- (4) Strong competitive niche: The Groups has a strong R&D team and continuously develops differentiated and multi-functional products. Good production quality and raising the technical threshold to increase irreplaceability
- (5) Future development factors and countermeasures: The Group will actively respond to market changes by expanding overseas bases to deal with the challenge of overcapacity in Mainland China and Southeast Asia. At the same time, the Group will invest in raw material production equipment to solve the potential shortage of raw materials and continue to develop environment-friendly products.

## 2. Plastics Business

- (1) The sales areas of the main products

Except for domestic sales, the main sales markets are Asia, America, Europe, the Middle East and Africa, etc.

- (2) Market shares

The domestic market share for polyester chips is around 20%. The global market share for engineering plastics is around 6%.

- (3) Future supply and demand in the market and its growth

In the future, the solid polyester chip industry will continue to supply more than demand, with an estimation of an annual growth rate of 5% to 6%. In response to future market and customer needs, Taiwan has already mass-produced 100% environmentally friendly recycled r-PET with an annual output of 28,000 metric tons, and Thailand has already mass-produced 210,000 metric tons of this product every year. The expected annual growth rate of engineering plastics in EV applications is about 5%.

- (4) Competitive niche

Our plastics products have be cultivated for many years and their quality and brand have created good word of mouth. In recent years, our operation has been in the direction of differentiated products. It has obtained preliminary results and is leading in the industry. In the future, we will gradually expand the production capacity on differentiated products.

- (5) Favorable and unfavorable factors for future development and actions taken

The quality and function of solid polyester chips are gradually improving, for example, products that save energy and more human-friendly are being used, thanks to their characteristics of non-toxicity, eco-friendly, and recyclability. Therefore, the range of uses and applications of the products has also become broader, replacing other plastic materials and as better and environmentally friendly food packaging materials. Due to the issues of energy conservation and environmental protection in the application of engineering plastics in electric vehicles, the Company has collaborated with UL to promote the establishment of a UL LTTA CTDP accredited laboratory. Other than improving the Company's own technical level, we can also provide materials with higher quality and safety specifications to meet future needs. In addition, we have in recent years continued promoting the elastomer material TPEE, which has a trend of replacing other products due to its good plasticity and reasonable price.

### 3. Optronics Business Group

#### (1) PET films

##### (A) The sales areas of the main products

Except for the domestic sales market, it's also exported to Asian countries.

##### (B) Market shares

The Group's polyester film products are mainly used on packaging and electroplating in industrial grade and optical grade markets. According to the characteristics of each production line, they are produced for products of different purposes. The domestic market for traditional uses is still mainly supplied by the Group and Nan Ya or imported. The optical film market is mostly dominated by Japanese and Korean manufacturers, but with the breakthrough of domestic manufacturers' technology and R&D, many important customers have switched to using our and Nan Ya Plastics' products as their main resources of supply. Overall, the Group has now become the main source of supply in the domestic market.

In addition to the domestic market, we are committed to developing foreign markets. The Group has successively obtained certifications from important foreign customers, especially in the development of the Japanese market. It is



expected that the Group's market share will increase continuously in the future.

(C) Future supply and demand in the market and its growth

a. Supply status:

Chinese manufacturers have massively expanded the production capacity of packaging and general-purpose films in recent years. On optical films, although our main competitors are Japanese and Korean manufacturers, the production quality of Chinese manufacturers has gradually improved in recent years. Although they are currently unable to meet the quality requirements for optical grade products, Chinese film manufacturers have begun to gain a foothold in some low-end optical product markets.

b. Needs and growth:

(1) Conventional industrial applications including: packaging, plating, bronzing needs are still growing stably. General industrial applications, especially the window film markets which have grown drastically in recent years. In addition, industrial polyester release films have also shown continuous growth.

(2) In terms of optical grade products, as the demand of panel-related industries is affected by the fluctuations in the sales performance of large-size TVs and mobile phones, the demand for optical grade polyester films is not as stable as the demand for traditional films, but overall, the demand for optical grade films is still what various film factories fight for.

(D) Competitive niche

a. Market niche

In the PET films industry, the downstream applications are wide and each of the different uses belongs to different industries. Hence, it can reduce the impact and operational risks caused by fluctuations in the demand of specific industries or regional economic cycle.

b. Product niche:

The Group has been engaging in the film business for more than 30 years. For years, the Company's products

have been recognized by many domestic and overseas customers, and received many international awards such as FDA approval, UL approvals, etc. In addition, we have long been dedicated ourselves to developing new products and tried our utmost when it comes to product differentiation. Given the effort we have made, we have been able to transfer our capability to other high-end film markets

(E) Favorable and unfavorable factors for future development and actions taken

a. Favorable factors:

- (1) The demand for industrial and optical-related industries has continued to grow. The Group has earned a good reputation in the industry, and it is easy for customers to have confidence in us.
- (2) Shinkong Synthetic Fibers is a major polyester manufacturer, and the affiliated companies cover the up, middle and down streams. Whether it is in the control of quality stability or the development of new downstream products, we can understand the market demand more easily than other companies in the industry.
- (3) Besides, the industrial chain for the relevant panel products in Taiwan is comprehensive. Other than high employee quality, the related products sold to China currently enjoy a tariff preference. Under these circumstances, lots of the related downstream industries in Japan have also established factories in Taiwan and the demand for PET film has also increased.

b. Unfavorable factors:

- (1) Taiwan does not have an FTA with most countries (such as ASEAN), so the sales are at a disadvantage in these regions.
- (2) Exports to film producing countries may have dumping concerns.
- (3) Chinese manufacturers persisting in expanding plants substantially and it may cause serious overcapacity again in the PET film industry.

c. Actions to be taken:



- (1) Continue to develop markets free of anti-dumping concerns.
- (2) Accelerate the development of differentiated products and the certification of high-end optical films.
- (3) on the other hand, we will also keep on enhancing the quality of our existing products so as to increase customer satisfaction.

(2) Prisms

(A) The sales areas of the main products

In addition to supplying the domestic market, it is also exported to the Asia region.

(B) Market shares

The prism is the key component of the backlight module in an LCD screen. We have successfully developed a number of new products with our strong R&D capacity, as well as sales team and strategic partners with sales experiences in the industry. With the strong and full support of the Group, these new products have been affirmed and widely used by the backlight module manufacturers. Some technologies and products are only owned domestically. We will continue to develop and promote products with high-performance and a high price-performance ratio to enhance our market share.

(C) Future supply and demand in the market and its growth

- (3) It is estimated that the demand in the end market will be sluggish in 2024, and the consumption power will decline. The penetration rate of mobile phones with OLED continues to rise, but the mobile phone market is still expected to be revised downward due to the poor economic outlook of the main consumer market China. The inventory level of NB terminal brands has reached the healthy level, and with the development of the AI PC topic, Intel announced the Core Ultra processor. We believe that in response to the future AI trend, the upgrade of hardware and operating systems will be able to lead a wave of device upgrades.
- (4) With the rise of electric vehicles and smart cabins, the application of LCD in the vehicle-mounted market has increased in size and quantity. However, it remains to be observed whether the sales of electric vehicles will grow as

quickly as before after the subsidies are reduced in Europe and the United States. In the long run, in the automotive field, gloss enhancement film can be applied to in-vehicle display systems to improve the visibility of display screens. 5G connectivity can support in-vehicle entertainment, navigation, and V2X applications, enabling drivers and passengers to obtain real-time information. These applications will drive the growth of the display market in the long term.

(F) Competitive niche

- a. Excellent R&D ability and strong professional management team.
- b. Owned-patent, unique manufacturing technology, and diversified products.
- c. Self-made and local process equipment.
- d. Increase market share through end customer certification.
- e. Stable quality, timely service, and highly competitive prices.
- f. Rooted in Taiwan, cross-strait integration.

(G) Favorable and unfavorable factors for future development and actions taken

Favorable factors:

- a. The global TFT-LCD industry is growing year by year and the active participation and promotion of both cross-strait governments has driven the flourishing development of TFT-LCD related components.
- b. Self-made process equipment and the enhancement of yield.

Unfavorable factors: these include that the LCD market is beginning to become saturated and its growth is slowing down. In the meantime, the operation of most prism film manufacturers is becoming difficult. The oversupply situation of prism products will not change in the short term. Besides, due to the cost control pressure of the panel manufacturers and intensified competition in the market, the price of prisms will continue to drop.

Actions to be taken:

- a. The Company is actively introducing and developing self-made optical grade PET film jointly with strategic



partners to reduce material costs, further enhance production technology, and constantly improve yield and efficiency. So the gap with other competitors in the industry will be further widened.

- b. We will also continuously develop new products, lead the market trend and expand market share with products of high performance and high price-performance ratio.
- c. The development of new products and the increase of products with added value will enhance the application value of the products.

#### (5) TAC film

##### (A) The sales areas of the main products

Looking back to 2023, although the market gradually recovered, due to the continuous impact of global inflation, the Russo-Ukrainian war, and the Israel-Afghanistan war, the demand gradually slowed down in the fourth quarter.

The Group sells products to LCD polarizer manufacturers and surface treatment companies. The overall sales volume in 2023 was flat compared to the previous year, but the market share in each region has changed. The proportion of shipments in the Taiwan market dropped to 35% and the products were mainly used in LCD TVs and IT LCDs. In Mainland China, the proportion of shipments increased to 55% and the products were mainly used in LCD TVs, followed by IT applications. The Japanese market accounted for 10% of shipments and the products were mainly used in LCD TVs and automotive displays. It is expected that 60um TAC will still be the main application demand for LCD TVs in 2024, but the goal will be to increase sales of 40um TAC products to increase gross profits, and to conduct strategic sales targeting existing production capacity and different regional markets.

##### (B) Market shares

TAC films are a key component of polarizers in LCDs. In recent years, with the increasing demand for LCDs of various sizes, the materials for making polarizers have continued to improve; TAC films have also kept pace with the times, and the development and production of ultra-thin TAC films is continuing.

In view of the significant increase in the influence of the Chinese market, in addition to continuing to expand the Chinese market, we also actively strive to cooperate with leading Japanese manufacturers to stabilize production capacity and improve production technology, and develop new customers in different market regions, so as to increase the Group's market share. It is estimated that the total global demand for polarized photon TAC protection films will be reduced to 632 million square meters in 2024, with the Group's global market share of about 9% in 2023.

(C) Future supply and demand in the market and its growth

In 2023, the key sales markets were affected by the relocation of LCD panel production clusters to Mainland China. The proportion of shipments in Taiwan dropped to 35%, the proportion of shipments in Mainland China increased to 55%, and the proportion of shipments in Japan was 10%. The products were mainly used in LCD TV, automotive display and IT related applications.

It is estimated that global LCD panel manufacturers will expand their production capacity by 2024 to meet the demand for low vapor permeable optical grade film for large-size LCD TVs. As the low vapor permeable material becomes the standard configuration in LCD TV polarizers, it will have an impact on the market share of traditional TAC in LCD TV polarizers. In response to this change, the Group has not only continued to establish a solid supply and demand relationship with its existing customers, but also actively responded to the growth momentum of China's LCD panel market. The Group actively cooperates with existing customers to develop smaller size LCD TVs for the Chinese market. Under the trend of low moisture permeability materials, the Company hopes to find a market segment and market positioning that TacBright Optronics maintains its competitiveness in the new market landscape.

(D) Competitive niche

The Group's operation team and core technical team have experiences in manufacturing and sales of optical films, hard coating technology, TFT-LCD components and modules. Together with the assistance of physical facilities



in Europe and US factories, it can greatly shorten the time of the learning curve and respond to the market demand quickly. Cooperation with leading manufacturers will indirectly improve our production technology and quality management level. In addition, our unique manufacturing technology, process integration optimization and application for our own patents have been certified by end customers. We are strengthening the four aspects of price, quality, delivery and service, developing and increasing market share, taking root in Taiwan, integrating the two sides of the Taiwan Strait, and moving towards internationalization.

(E) Favorable and unfavorable factors for future development and actions taken

Favorable factors: The sales volume of LCD panel makers this year is not much different from that of last year. However, due to the slight increase in the size of sales, the overall floor area is expected to grow by about 3-5%. According to the research report, it is estimated that the slight growth of demand for polarizer is about 540 million square meters (last year: 500 million square meters), and the main new polarizer manufacturers in China will activate their capacity one after another this year. The global market share of the Group products in 2023 was about 9%, of which polarizer protective film accounted for 3% and polarizer compensation film accounted for 6%. The new polarizer production capacity mentioned above is concentrated in the Chinese market, and is targeted to supply the newly expanded LCD panel plants in China. Considering that our price advantage will contribute to the growth of upstream sectors, we will seize the growth opportunity and capture market opportunities accordingly.

Unfavorable factors: Due to the pressure of panel manufacturers to control costs, prices continue to decline, and the market shares of TAC film alternative materials - PMMA and PET have increased significantly. Besides, there are the uncertainties of global inflation, the Russia Ukraine war, Arab-Israeli war, Sino-US trade war, dollar-yen exchange rate, etc.

Actions to be taken:

- a. The Group is the only supplier in Taiwan with the ability to produce self-made TAC membranes, and is currently actively negotiating long-term supply contracts with raw material suppliers to stabilize the supply of raw materials.
- b. We are continuously expanding and enhancing market share, and continuously increasing production capacity and yield with existing equipment, with the goal of full production and full sales to effectively reducing costs and attract existing customers and stabilizing shipment quantity.
- c. We are also developing optical films that combine high temperature resistance and low moisture permeability to increase product added value and compete with PMMA/PET to enhance product application value.

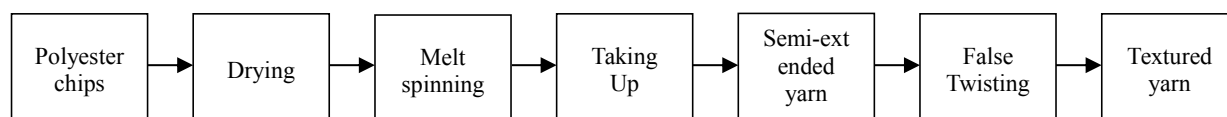
## (II) The important purposes and production process for the main products

### 1. PET fibers

#### (1) Main products and purposes

Polyester chips: Spinning. Polyester filaments: Garment, home furnishings, industrial use. Polyester staple fibers: Clothing fabric, non-wovens, filling.

#### (2) Production processes of main products



### 2. Plastics

#### (1) Main product applications

Polyester chips: mainly for beverage bottles (cups) including soda, mineral water, tea, juice, PET sheets, etc.

Engineering plastics: engineering plastics injection molding for the parts of electric machines, electronics and automobiles, and home appliance components.

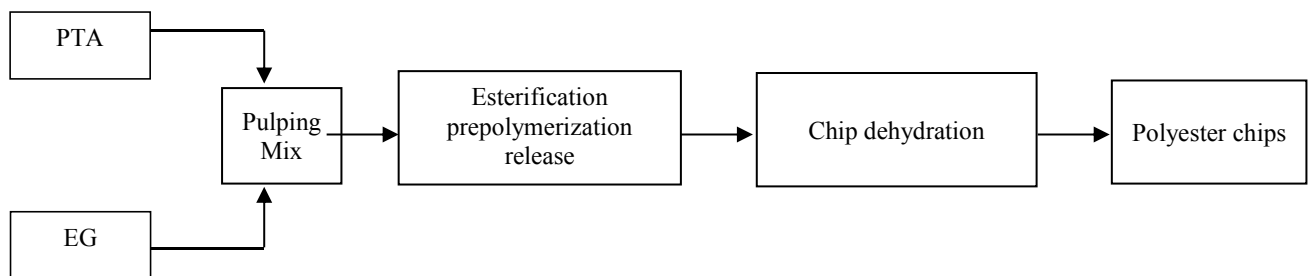
PBT & TPEE Resin: Downstream processing is widely used in 3C/vehicle/household/leisure industry products.

PET sheets: they are applied for packaging products on food and printing, etc. For electronics, they are mainly used for trays for electronic parts. The processing method is vacuum thermoforming where a tray or a packaging box is shaped according to the mold pattern. Recently, it has been actively developed for the packaging of medical peripheral products.

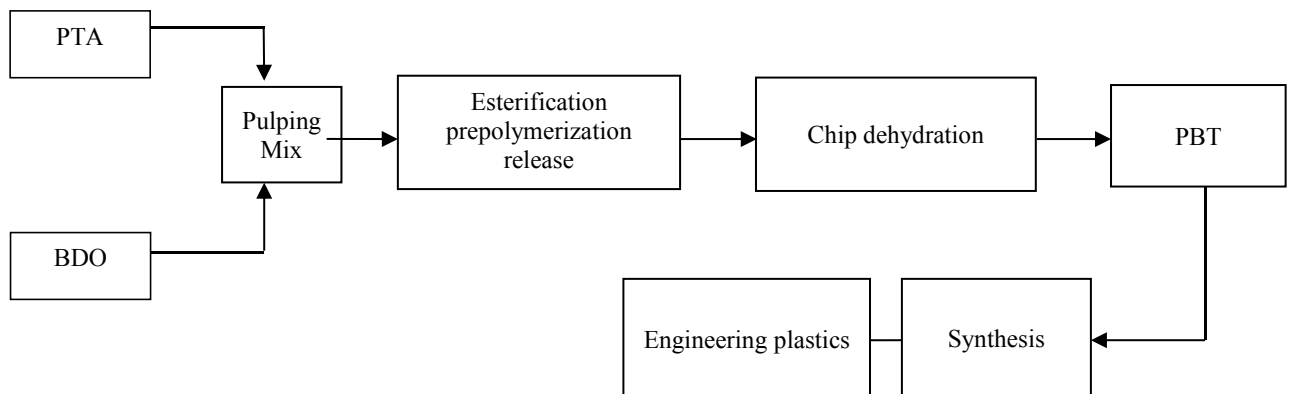
PET bottles: mainly for the packaging of soda, juice, soy sauce, plant oils, cosmetics, cleaners, and general foods.

## (2) Production processes of main products

### Polyester chips

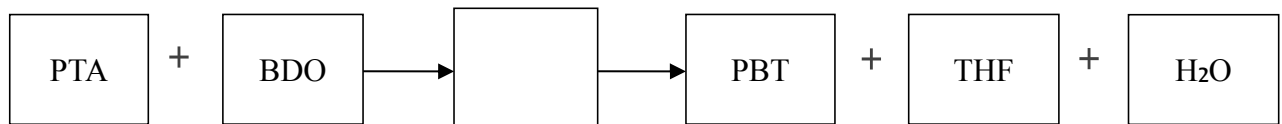


### Engineering plastics

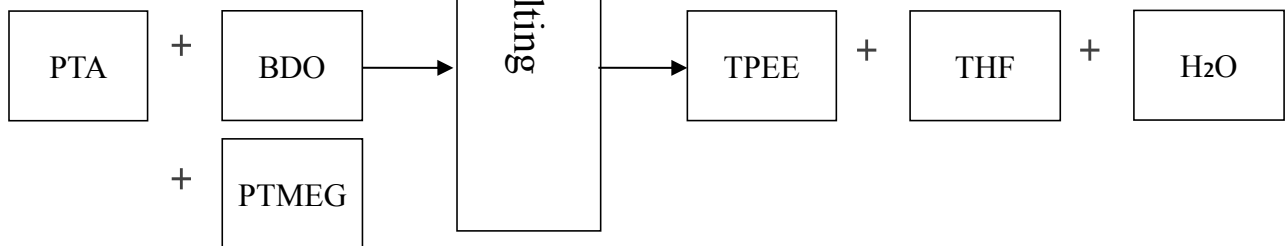


## PBT & TPEE Resin

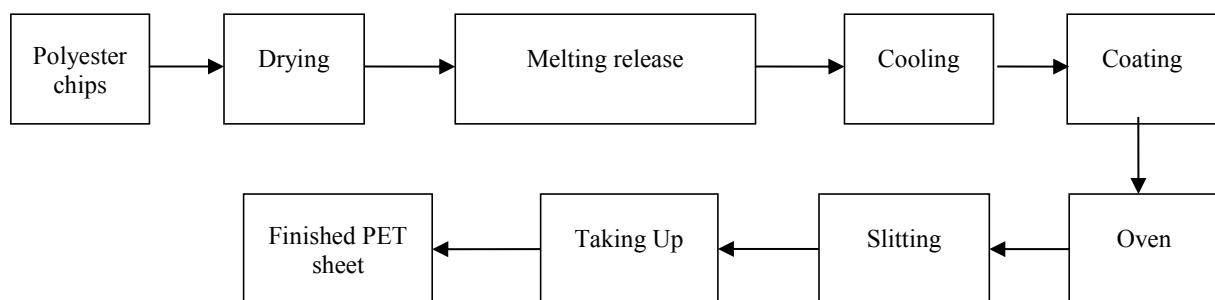
### PBT



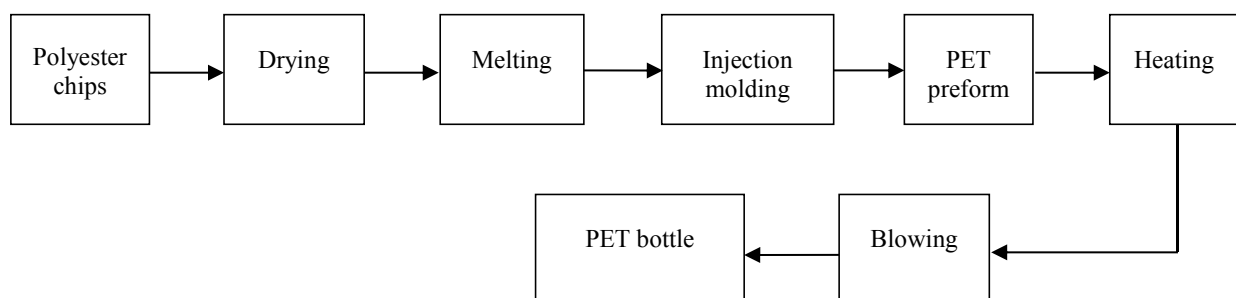
### TPEE



### A-PET sheet



### PET bottle



## 3. Optonics Products

### (1) Prism

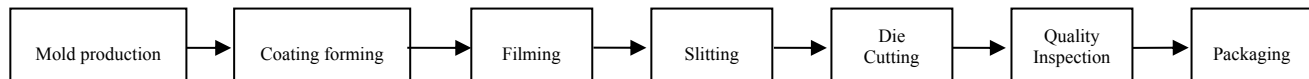
#### a. Main product applications

These are mainly applied for LCD backlight modules, which can concentrate the scattered light to the front side and achieve the purpose of enhancing the front brightness. And the unused light outside the viewing angle is recycled



by the reflection of light to reduce the loss. The large size is used in LCD TVs, notebooks, and monitors. The small size is used in mobile phones, digital cameras, video cameras, PDAs, tablets, and communication and consumer electronics.

b. Production processes of main products



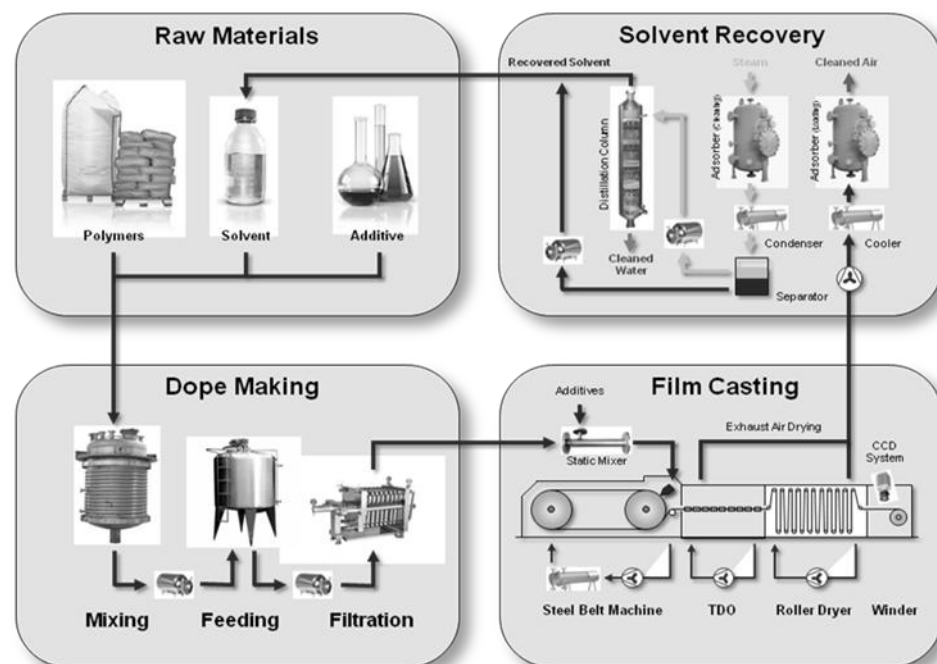
(2) TAC film

a. Main product applications

TAC can be used as a protective film for the polarizer in an LCD display. Many optical characteristics have since been added to TAC films to increase their value and significance in the production of polarizers. Examples of such improvements include WV film, CV film, Transfer film, and photographic film developed by Fuji Film.

Except for its application in LCDs, TAC film can also be used in sunglasses, photographic equipment, filters, anti-glare goggles, car navigators, other polarizing microscopes, and special medical glasses.

b. Production processes of main products

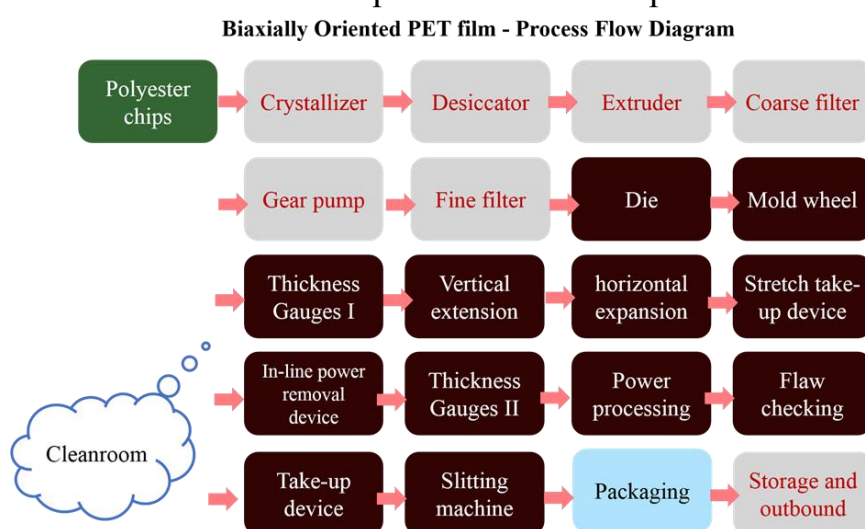


(3) PET film

a. Main product applications

The product has broad applications including: wires and cables, electrical insulation, transfer printing, embossing, conduction bands, release agents, flexible printed circuits, phototypesetting, window films, lamination films, glitter powder, electroplating, labels, decorations, optical base films, protective films, release films, general food packaging (FDA approved), sealing tape, insulation tape, metallic yarn, label films, drum pieces, antistatic films, color art, lamination, printing, etc.

#### b. Production processes of main products

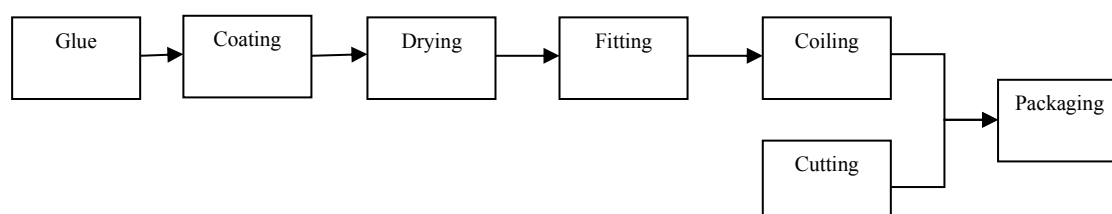


#### (4) Other films

##### a. Main product applications

They are mainly applied to the surface coating treatment for the anti-glare and hard coating on the surface of polarizer to match the use of different types of display devices. We also produce other functional products including “protective film for manufacturing process”, “protective film for shipping”, “protective sticky film” and “PET surface hardening treatment film for optical grade ITO sputtering” which can be applied to the surface of the material to avoid unexpected abrasions or scratches during the production or shipping process.

##### b. Production processes of main products





## (III) Supply and demand of key materials:

Product category	Main materials	Primary provider	Secondary provider
PET fibers	PTA, EG	Taiwan	
Plastics	PTA, EG, BDO	Taiwan	Japan, China, Korea
Prisms	PET film	Japan, Taiwan	Korea
PET films	Polyester chips	Taiwan	
TAC film	Triacetate cellulose	USA	Japan, China

(IV) Names of trade partners representing more than 10% of the total purchases (sales) in the last two years

Main suppliers in the last two years

Unit: NTD thousands

2022					2023				As of previous quarter of 2023 (Note 1)			
Item	Name	Amount	As a percentage of annual net purchases (%)	Relationship with the issuer	Name	Amount	As a percentage of annual net purchases (%)	Relationship with the issuer	Name	Amount	As a percentage of net purchases [%] in the first quarter of the current year	Relationship with the issuer
1	A Company	7,731,555	26.83	Not related party	A Company	7,102,371	27.59	Not related party	A Company	1,939,899	27.30	Not related party
2	B Company	5,122,101	17.78	Not related party	B Company	5,852,329	22.73	Not related party	B Company	1,587,760	22.34	Not related party
	Others	15,960,508	55.39		Others	12,789,353	49.68		Others	3,579,317	50.36	
	Net Purchases	28,814,164	100.00		Net Purchases	25,744,053	100.00		Net Purchases	7,106,976	100.00	

Main customers in the last two years

Unit: NTD thousands

2022					2023				As of previous quarter of 2024 (Note 1)			
Item	Name	Amount	As a percentage of annual net purchases (%)	Relationship with the issuer	Name	Amount	As a percentage of annual net purchases (%)	Relationship with the issuer	Name	Amount	As a percentage of current year net sales up until the previous quarter (%)	Relationship with the issuer
1	A Company	4,503,291	11.30	Not related party	A Company	3,797,837	11.32	Not related party	A Company	1,263,441	13.97	Not related party
					B Company	3,687,854	10.99	Not related party		7,777,710	86.03	
2	Others	35,358,889	88.70		Others	26,059,697	77.69		Others	9,041,151	100.00	
	Net Sales	39,862,180	100.00		Net Sales	33,545,388	100		Net Sales			

Note 1: Financial information dated on March 31, 2024 has not yet been audited by the CPA.



## (V) Production volume and value in the last two years

Unit: NTD thousands

Year Production volume/value Main product (or department)	2022			2023		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Polyester chips	997,380	953,287	29,369,463	1,068,165	1,002,618	29,476,819
Polyester filament	109,200	83,615	5,663,186	96,600	73,515	4,882,157
Engineering plastics	159,903	117,145	8,053,019	165,303	74,246	3,995,131
TAC film	80,000	59,742	1,475,987	80,000	58,529	1,203,185
PET films	60,000	45,883	2,803,128	56,000	41,883	2,715,989
T400 Elastic yarn	9,525	6,019	686,646	9,525	5,099	573,362
PET preform	336,000	283,978	422,771	336,000	282,067	424,828
PET sheet	17,400	13,934	673,033	17,400	12,005	578,529
PET bottle	79,800	53,572	190,572	52,800	31,254	128,239
Optical film	70,800	29,636	2,377,310	70,800	36,308	3,187,019
Filament	54	11	4,041	54	13	4,437
Total			51,719,156			47,169,695

Description of production capacity and output units: polyester chips, polyester filament, engineering plastics, T400 elastic yarn, film and polyester film are in metric tons. PET bottles and PET preforms are in thousands of pieces. The TAC film and optical film are in thousands of square meters. Filament unit is in ton.

Including transferring to downstream for processing and selling to affiliates for production.

(VI) Sales volume and value in the last two years

Unit: NTD thousands

Main product \ Sales volume/ value \ Year	2022				2023			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Polyester chips	48,209	1,610,815	435,522	15,277,843	40,689	1,250,637	447,044	14,218,743
Polyester filament	36,603	3,056,835	29,275	2,926,232	32,667	2,514,935	23,468	2,373,338
Polyester staple fiber	452	30,215	97	8,711	149	11,255	319	25,404
Engineering plastics	11,966	976,830	94,844	7,786,407	7,937	516,753	57,266	3,633,576
PET sheet	7,563	419,743	6,149	371,210	7,593	414,106	4,360	272,005
PET bottle/Preform	226,886	437,247	41,662	72,127	212,366	362,555	61,558	126,038
PET films	18,317	957,915	25,811	1,423,360	17,193	843,585	23,115	1,192,450
TAC film	11,814	354,716	42,319	804,883	10,269	301,333	52,717	868,395
Coating film	7,421	406,902	1,584	100,463	6,228	356,183	136	19,576
Prism film (rolls)	8,802	877,793	10,504	886,786	8,653	955,194	12,680	1,099,761
Prism film (sheets)	2,346	15,607	249	2,526	5,076	46,441	39	16,554
Others	3,063	193,848	24,581	863,166	474	253,862	61,815	1,872,709
Total		9,338,466		30,523,714		7,826,839		25,718,549

Unit of volume: polyester chips, polyester filaments, polyester staple fiber, engineering plastics, PET sheets, and PET films are in tonnes. PET bottles and PET preforms are in thousands of pieces. TAC films, coating films, and prism (rolls) are in thousands of square meters. Prism film (sheets) are in thousand pieces.



### III. Human Resources

Employee information in the last 2 years up until the publication date of this annual report

Year		2022	2023	As of April 16, 2024
Number of employees	Staff	3,274	3,214	3,202
	Local Operators	350	356	350
	Foreign Workers	687	666	662
	Total	4,311	4,236	4,214
Average ages (excluding foreign workers)		41.0	41.4	41.9
Average years of services (excluding foreign worker)		11.3	11.6	11.9
Education distribution ratio	Ph.D.	0.17%	0.21%	0.22%
	Master's	6.36%	5.97%	6.13%
	College & University	64.37%	64.94%	64.61%
	Senior High School	24.75%	24.18%	24.30%
	Junior High School and below	4.35%	4.70%	4.74%

### IV. Environmental Protection Expenditures

(I) Losses and fines incurred due to pollution of the environment in the last year up until the publication date of this annual report

Item \ Year	2023	2024 until the date of printing
Compensation object or disciplinary unit	Department of Environmental Protection, Taiyuan City Government	None
Reference number of the penalty document	Tao-Huan-Ji-Ni No. 1120079738, Tao-Huan-Ji-Ni No. 1120064189, Tao-Huan-Ji-Ni No. 1120091106,	
Violation of laws and regulations	Subparagraph 1, Paragraph 1, Article 31 of the Waste Disposal Act; Article 36 of the Waste Disposal Act, Paragraph 2, Article 7 of the Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste	
Pollution status (type and degree)	(1) Non-standard products are not included in the industrial waste disposal plan (2) Hazardous industrial wastes are not disposed within the prescribed time limit	
Compensation amount or penalty amount	A total of NT\$72,000.	
Other loss	None	

(II) Responsive strategies and possible expenses

The Company continues to adhere to its formulated environmental policy of “legal compliance, energy conservation,

waste reduction, pollution prevention and continuous improvement”, and urges all departments to conduct research and development, carry out process control and improvement of prevention and control facilities, confirm the normal operation of prevention and control equipment, prevent abnormalities, and gradually improve environmental protection performance. In response to the requirements of product innovation and quality enhancement, we have introduced intelligent process control to improve cost, quality and efficiency, pursued the highest guiding principle of net zero emissions, and maintain a clean and comfortable living environment. We have conducted improve measures such as waste gas reduction, energy conservation and carbon reduction, waste recycling, noise control, and discharged water quality control, and continuously added new environmental improvement projects, including updating sludge dewatering machines, updating refractory sludge in coal-fired boiler furnaces, adding air flotation blowers, adding anaerobic systems, updating SPP no valve slot filter elements, updating STX-7 absorption cooling tower inlet stoppers, updating SPP-1 cooling towers, updating compressed air equipment - air compressor #1 and conducting STX-9 #1 cooling tower maintenance work at the head office, replacing CSP-3 cooling water tower cooling material for fortification, replacing IE4 high-efficiency motor, adding smart meters and efficiency monitoring equipment, updating the film to non radiation thickness gauge, updating the refrigerator cooling tower body of Guanyin Factory, changing the #2 refrigerator to a magnetic levitation machine, changing the cooling water tower recovery equipment and CP9 PTA Blower room with sound isolation doors, etc. The budget is about NT\$172 million.

## V. Labor Relations

- (I) Availability and execution of employee welfare, education, training and retirement policies: elaborate on the agreement between the employer and employees, and protection of employees’ rights



1. Employee welfare measures:

- (1) The Company formed an employee welfare committee on April 20, 1982. The committee carries out regular discussions of events and monitors income and expenditures, as well as organizing employee welfare and labor events. The Company's welfare measures include: employee wedding and funeral allowances, group accident insurance, periodical domestic trips, all types of ball games and competitions, plant activities, year-end meals and lucky draws, allowances for all types of group activities, money or gifts for 3 major festivals, money or gifts for birthdays, meal allowance, and preferences from contracted suppliers for employees
- (2) We offer scholarships to the children of our employees as an encouragement for them to excel at school. In order to look after the children whose parents unfortunately lost their lives at work, as well as those who are less fortunate, and those who encounter a sudden change in the family (or a major disaster), we have specially established measures to help their children receive an education at school.
- (3) All employees of the Company join the labor insurance, national health insurance and occupational accident insurance. The Company takes out group insurance for managerial officers and the insurance premium is fully borne by the Company.
- (4) Complimentary dormitories are provided at plants for employees from remote areas.
- (5) Transportation is provided for employees who live in remote areas

2. Pension system:

- (1) The "Labor Pension Fund Supervisory Committee" was established on December 25, 1986, overseeing affairs relating to retirement plans. If the employee is eligible for

the old pension contribution rate stipulated in the “Labor Standards Law”, the Shinkong Synthetic Fibers Corporation, Pan Asian Plastics Industry Corporation, and Shinkong Engineering contribute an amount equal to 9%, 6% and 6% of the salary paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee’s name in the Bank of Taiwan. A total of 4 meetings were held by the Labor Pension Fund Supervisory Committee in 2023. For those who were eligible for the old system, the Company paid NT\$88,209,655 to a total of 38 employees.

- (2) The new pension system became effective as of July 1, 2005. The pensions applicable to employees in the new “Labor Pension Regulations” will be paid according to the monthly salary scale of employees, and 6% will be paid monthly. In the personal accounts of the employees of the Labor Insurance Bureau, an employee may voluntarily withdraw their pension and withholds it in their individual pension account of the Labor Insurance Bureau.
- (3) The Company fully complies with the regulations specified in the Labor Standards Act and Labor Pension Regulations and has established retirement measures for our employees including employment retirement qualification, pension application method, standards for pension payment, as well as the payment. The Company specifies that eligible employees must be those who have served the Company for 15 years or more and are 55 years of age or over, those who have served the Company for 25 years or more, those who have served the Company for 10 years or more and are 60 years of age or over, or those who retire using the project retirement (meaning that during the implementation of the project retirement, the age plus service has reached 60 years with the consent of the company).



### 3. Employee education and training:

In response to the development trend of the global environment, the Company actively cultivates the professional skills of employees, strengthens competitive advantages, enhances innovation capabilities, improves overall work performance, and ensures the achievement of organizational operational goals. To achieve this goal, the Company organizes seminars, ESH, R&D, professional skills courses, ESG, and language courses. These courses can deepen the professional knowledge and skills of employees in various fields, thereby enhancing their competitiveness in the workplace. The Company has established Shinkong Corporate University, which aims to encourage lifelong learning to promote mutual learning and growth, while enriching employees' career development. The Company focuses on the establishment of a systematic training mechanism to ensure that the training plan meets the overall goals, stimulate employees' enthusiasm for learning, promote knowledge sharing within the organization, and build a competitive learning organization.

### 4. Agreement between labor and management

The Company follows the objectives and spirit of the international human rights principles set forth in the "Universal Declaration of Human Rights," the "United Nations Global Compact," the "United Nations Guiding Principles on Business and Human Rights" and the "International Labor Organization" as well as local laws and regulations associated with labor and gender equality in the workplace. At SSFC, we formulate and disclose the Company's human rights protection policies and specific management practices with reference to the relevant provisions.

The Company promises the following measures to protect human rights:

- Employment must be on a voluntary basis.
- Prohibition of any form of forced labor.

- Prohibition of child labor.
- Female employee protection.
- Ensuring that employee salaries are not lower than the statutory minimum wage and providing benefits.
- Ensuring that employees have a minimum of 24 hours of rest for every 6 days of work.
- Respecting privacy rights, eliminating workplace violence, avoiding harassment and illegal discrimination including any form of harassment, infringement, corporal punishment, verbal insults and mental oppression, and providing effective and appropriate appeal channels and handling mechanisms.
- Providing employees with equal employment and career development opportunities, without differentiation or any form of discrimination based on race, class, language, ideology, religion, party, place of origin, gender, sexual orientation, age, marriage, appearance, facial features, physical or mental disability, zodiac sign, blood type, previous union membership or other status protected by applicable laws, and striving to create a dignified, safe and equal work environment
- The Company abides by labor laws and respects employees' right to freedom of association and collective bargaining according to law. The Company maintains a smooth communication channel with employees and is committed to building a harmonious workplace for labor management relations
- Based on the Company's sustainable development and strengthening of corporate social responsibility, the Company promotes human rights policies, sexual harassment prevention, anti-discrimination, anti-slavery, forced labor, child labor, ethical management, and business ethics and other company policies and legal concepts to employees every year. A total of 1,673 employees completed 2,226 hours of education courses on social responsibility and the rule of law in 2023.
- The Company has signed a "bargaining agreement" with the union. This agreement mainly covers issues such as leave of absence, performance appraisal and salary adjustment. Representative meetings, supervisory board meeting are held by the trade union and regular labor and management meetings, welfare committee meetings are organized to build the communication channel and consultation mechanism between the labor and management.



5. Various employee rights protection measures:

The Company makes adjustments and resolutions to determine the employees' year end bonus and managerial staff's performance bonus based on the operation performance of the year. This policy is also prescribed in the collective bargaining agreement and managerial staff performance bonus policy signed with the union, as a means to encourage our employees to work together to achieve business goals.

(II) Actual or estimated losses arising as a result of employment disputes in the last year up until the publication date of this annual report, and any response measures taken.

1. The Company has good labor relationship and there was no loss due to labor disputes in 2023.
2. The estimated amount that may occur at present and in the future and the actions taken: None.

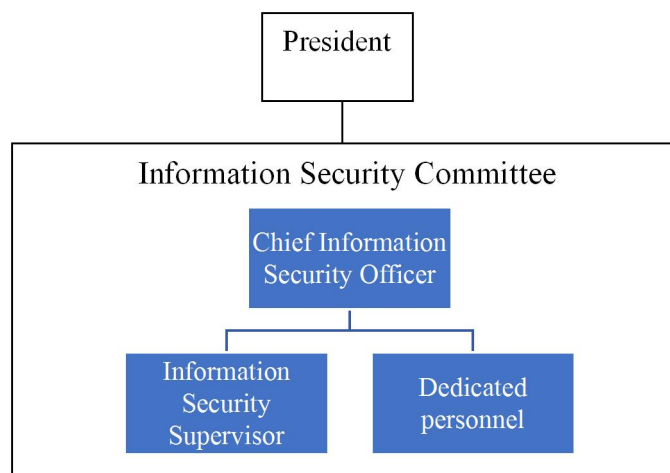
## VI. Information security Management

(I) The company's information security risk management framework, information security policy, specific management plan and resources invested in information security management.

1. Information security risk management framework:

In accordance with relevant regulatory requirements of the competent authority and in order to strengthen the protection and management of listed companies' information security, The Company has established an Information Security Committee on November 7th, 2022 to plan, monitor and execute information security management operations for the information security system. The Information Security Committee is a functional organization under the President, with the head of the Information Division serving as the Chief Information Security Officer. Other committee members are also the staff of the Information Division.

The Company has established and followed relevant information security policies and established an information security organization in accordance with ISO 27001. There are 10 team members in total. Their main responsibilities include information security policy formulation, promotion, education and training, and convening of meetings to ensure continuous promotion and enhancement of information security protection. In addition, the sales staff have obtained the ISO 27001: 2022 administrator license, which is valid until October 31, 2025.



2. Information security Policy:

The Company's information security objectives are to ensure the confidentiality, integrity, availability and compliance of the internal core systems, and to define and measure the quantification indicators of information security performance for various levels and functions, so as to confirm the implementation status of the information security management system and whether the information security objectives are achieved.

- (1) Confidentiality: The disclosure of any sensitive information of the Company on the internet should be avoided.
- (2) Integrity: The Company's sensitive information (such as financial information, personnel information and system information) should be correct.
- (3) Availability: It should be ensured that the important information held by the Company is actually backed up.



(4) Compliance: Taiwan's relevant laws (such as the Personal Data Protection Act, the Trade Secrets Act and intellectual property rights related laws) should be followed to avoid infringement of the rights and interests of the Company or third-party manufacturers.

3. Specific management plans and resources invested in information security management:

The implementation of the information security management system should be based on the looping mode of Plan, Do, Check and Action to ensure the effectiveness and continuity of information security in a cyclical and step-by-step spirit:

(1) Internal assessment and review shall be conducted at least once a year, taking into account the latest status of laws and regulations, technological changes, expectations of interested parties, business activities, internal management and resources to ensure the effectiveness of information security practices.

In addition, in order to keep the information security policy abreast of the times, the Company makes arrangements with external evaluation agencies or external professional teams for evaluation and review from time to time.

(2) Amendments shall be made according to the review results, and shall become effective after the publication by the President.

(3) After the information security policy is formulated or revised, stakeholders such as employees, suppliers, customers, external auditors, etc., should be informed in an appropriate manner (ex. E-mail or website announcement or hard copy).

(II) In the most recent year and up to the date of publication of the annual report, the losses, possible impacts and countermeasures of major information security incidents.

In the face of the rapid development of the industry and technology, the Company has been trying its best to keep up with the trend. Since

obtaining the ISO 27001 information security certification for the computer room, network and ERP system in 2019, the Company has been regularly audited by external certification units every year, and information security protection has been updated and strengthened year by year. In 2023 and up to the date of publication of the annual report, there has been no loss due to major information security incidents.

## VII. Important Contracts

Nature of the Contract	Parties involved	Contract start/end date	Main contents	Restriction
Government subsidy program	Department of Industrial Technology, Ministry of Economic Affairs	2021.07.01~ 2024.06.30	Highly biocompatible artificial ligament and fixation device manufacturing process development plan	None
Government subsidy program	Department of Industrial Technology, Ministry of Economic Affairs	2023.01.01~2024.12.31	rTPEE copolymerization and depolymerization and permeable films technology development plan	None
Government subsidy program	Bureau of Energy, Ministry of Economic Affairs	2023.11.01~2025.10.31	High-efficiency transparent back sheet material development plan	None
Engineering Service Contract	Dakim Environmental Protection Enterprise Co., Ltd.	2024.01.01~2024.12.31	General Business Waste Clearance Contract	None
Joint Credit Contract	First Commercial Bank, etc.	2020.05.18~2025.05.18	Syndicated Loan	Maintain a certain percentage of assets, liabilities, and net worth



## Six. Financial Information

### I. Summary balance sheet, statement of comprehensive income, auditors and audit opinions for the last 5 years

#### (1) Summary consolidated balance sheet - IFRS-compliant

Unit: NTD thousands

Item	Year	Financial Information for the Most Recent 5 Years (Note 1)					Financial information as of March 31, 2024 (Note 3)
		2019	2020	2021	2022	2023	
Current assets		99,117,241	116,205,250	131,442,733	117,100,691	125,941,330	136,144,671
Property, plant, and equipment		19,221,989	17,372,107	18,628,275	20,374,003	22,260,544	22,175,783
Intangible assets		292,067	291,756	293,892	431,890	425,546	422,994
Other assets		38,551,535	40,085,207	45,666,687	43,824,490	46,416,108	45,396,571
Total assets		157,182,832	173,954,320	196,031,587	181,731,074	195,043,528	204,140,019
Current liabilities	Before distribution	106,686,622	114,241,019	129,634,890	114,763,043	123,432,958	132,246,229
	After distribution	107,576,747	116,021,269	131,900,663	116,381,452	124,323,083 (Note 4)	-
Non-current liabilities		12,319,271	17,548,056	20,078,809	20,890,156	24,765,491	25,693,737
Liabilities Total	Before distribution	119,005,893	131,789,075	149,713,699	135,653,199	148,198,449	157,939,966
	After distribution	119,896,018	133,569,325	151,979,472	137,271,608	149,088,574 (Note 4)	-
Equity attributable to parent company shareholders		29,823,289	31,655,914	36,088,555	35,482,145	36,351,083	35,657,845
Shares		16,184,093	16,184,093	16,184,093	16,184,093	16,184,093	16,184,093
Capital reserve		1,567,399	1,951,573	1,946,797	1,950,312	1,963,101	1,958,429
Retained earnings	Before distribution	9,459,191	11,423,081	13,862,667	14,493,177	13,667,565	13,279,223
	After distribution	8,569,066	9,642,831	11,596,894	12,874,768	12,777,440 (Note 4)	-
Other equity items		2,642,440	2,127,001	4,124,832	2,884,397	4,566,158	4,265,934
Treasury stock		(29,834)	(29,834)	(29,834)	(29,834)	(29,834)	(29,834)
Non-controlling equity		8,353,650	10,509,331	10,229,333	10,595,730	10,493,996	10,542,208
Total equity	Before distribution	38,176,939	42,165,245	46,317,888	46,077,875	46,845,079	46,200,053
	After distribution	37,286,814	40,384,995	44,052,115	44,459,466	45,954,954 (Note 4)	-

Note 1: All yearly financial information presented above has been audited.

Note 2: Figures after dividend distribution, as shown above, were determined after the shareholders' meeting resolutions of the following year.

Note 3: Financial information dated on March 31, 2024 has not yet been audited by the CPA.

Note 4: Cash dividend appropriation proposals for 2023 have been resolved and passed by the Board of Directors on March 11, 2024. However, it has not yet been submitted to the shareholders' meeting for report.

## (2) Condensed standalone balance sheet - IFRS-compliant

Unit: NTD thousands

Item \ Year	Financial Information for the Most Recent 5 Years (Note 1)					As of the current year's Financial information as of March 31, 2024 (Note 3)
	2019	2020	2021	2022	2023	
Current assets	8,116,473	8,003,506	10,841,211	9,133,443	8,067,900	9,452,174
Property, plant, and equipment (Note 2)	7,858,549	7,022,995	8,573,634	8,556,786	8,414,379	8,333,884
Intangible assets	-	-	-	-	-	-
Other assets	28,018,309	30,517,405	33,993,668	35,903,371	37,433,877	36,832,354
Total assets	43,993,331	45,543,906	53,408,513	53,593,600	53,916,156	54,618,412
Current liabilities	Before distribution	6,340,513	5,394,853	5,830,545	5,846,761	6,962,819
	After distribution	7,230,638	7,175,103	8,096,318	7,465,170	7,852,944 (Note 4)
Non-current liabilities	7,829,529	8,493,139	11,489,413	12,264,694	10,602,254	10,443,277
Other liabilities	-	-	-	-	-	-
Total liabilities	Before distribution	14,170,042	13,887,992	17,319,958	18,111,455	17,565,073
	After distribution	15,060,167	15,668,242	19,585,731	19,729,864	18,455,198 (Note 4)
Share capital	16,184,093	16,184,093	16,184,093	16,184,093	16,184,093	16,184,093
Capital reserve	1,567,399	1,951,573	1,946,797	1,950,312	1,963,101	1,958,429
Retained earnings	Before distribution	9,459,191	11,423,081	13,862,667	14,493,177	13,667,565
	After distribution	8,569,066	9,642,831	11,596,894	12,874,768	12,777,440 (Note 4)
Other equity items	2,642,440	2,127,001	4,124,832	2,884,397	4,566,158	4,265,934
Treasury stock	(29,834)	(29,834)	(29,834)	(29,834)	(29,834)	(29,834)
Total equity	Before distribution	29,823,289	31,655,914	36,088,555	35,482,145	36,351,083
	After distribution	28,933,164	29,875,664	33,822,782	33,863,736	35,460,958 (Note 4)

Note 1: All yearly financial information presented above has been audited.

Note 2: Figures after dividend distribution, as shown above, were determined after the shareholders' meeting resolutions of the following year.

Note 3: Financial information dated on March 31, 2024 has not yet been audited by the CPA.

Note 4: Cash dividend appropriation proposals for 2023 have been resolved and passed by the Board of Directors on March 11, 2024. However, it has not yet been submitted to the shareholders' meeting for report.



### (3) Summary of the consolidated statement of comprehensive income - IFRS-compliant

Unit: NTD thousands

Item \ Year	Financial Information for the Most Recent 5 Years (Note 1)					Financial information as of March 31, 2024 (Note 2)
	2019	2020	2021	2022	2023	
Total revenues	34,791,134	32,128,967	44,155,384	45,967,673	39,565,140	10,883,283
Total expenses	32,225,842	29,811,797	38,307,422	41,273,628	38,064,309	10,191,985
Pre-tax profit	2,565,292	2,317,170	5,847,962	4,694,045	1,500,831	691,298
Current net income from continuing operations	2,074,233	1,598,225	4,775,832	3,620,488	1,169,574	522,275
Net profit of discontinued businesses (Note 3)	177,160	2,041,659	28,756	-	-	-
Current net income (loss)	2,251,393	3,639,884	4,804,588	3,620,488	1,169,574	522,275
Other comprehensive income for the current period (net, after-tax)	668,286	(589,993)	2,188,577	(1,099,688)	1,780,375	(187,591)
Total current comprehensive income	2,919,679	3,049,891	6,993,165	2,520,800	2,949,949	334,684
Net income attributable to parent company shareholders	1,792,579	2,884,329	3,888,416	2,823,787	764,410	354,219
Net income attributable to non-controlling shareholders	458,814	755,555	916,172	796,701	405,164	168,056
Comprehensive income attributable to parent company shareholders	2,457,244	2,338,576	6,217,667	1,655,848	2,474,558	201,559
Comprehensive income attributable to non-controlling shareholders	462,435	711,315	775,498	864,952	475,391	133,125
Per-share earnings	1.11	1.79	2.41	1.75	0.47	0.22

Note 1: All annual financial information presented above has been audited.

Note 2: Financial information dated on March 31, 2024 has not yet been audited by the CPA.

Note 3: Discounted operations are shown as net after deducting income tax.

(4) Summary stand alone statement of comprehensive income - IFRS-compliant

Unit: NTD thousands

Item \ Year	Financial Information for the Most Recent 5 Years (Note 1)					Financial information as of March 31, 2024 (Note 2)
	2019	2020	2021	2022	2023	
Operating revenues	20,664,965	15,557,261	25,915,403	28,012,162	21,818,314	5,795,319
Gross profit	1,560,959	388,058	3,950,087	3,142,153	893,823	369,953
Operating profit	760,783	(465,718)	2,202,498	1,352,393	(87,373)	65,249
Non-operating income and expenses	1,209,445	3,611,735	2,050,023	1,987,377	750,697	298,000
Pre-tax profit	1,970,228	3,146,017	4,252,521	3,339,770	663,324	363,249
Current net income from continuing operations	1,792,579	2,884,329	3,888,416	2,823,787	764,410	354,219
Profit or loss from discontinued operations	-	-	-	-	-	-
Current net income	1,792,579	2,884,329	3,888,416	2,823,787	764,410	354,219
Other current comprehensive income	664,665	(545,753)	2,329,251	(1,167,939)	1,710,148	(152,660)
Total current comprehensive income	2,457,244	2,338,576	6,217,667	1,655,848	2,474,558	201,559
Per-share earnings	1.11	1.79	2.41	1.75	0.47	0.22

Note 1: All annual financial information presented above has been audited.

Note 2: Financial information dated on March 31, 2024 has not yet been audited by the CPA.

(5) Names of financial statement auditors in the last 5 years and audit opinions

Year	2019	2020	2021	2022	2023
Certifying accountant	Chen, Wen-Xiang Shih, Chin-Chuan	Wen-Hsiang Chen Wen-Yea Shyu	Wen-Hsiang Chen Wen-Yea Shyu	Wen-Hsiang Chen Wen-Yea Shyu	Wen-Hsiang Chen Wen-Yea Shyu

Issued unqualified audit reports for 2019, 2020, 2021, 2022 and 2023.



## II. Financial ratio analysis for the last 5 years

### (1) Consolidated financial analysis - IFRS-compliant

Unit: NTD thousands

Analysis		Year	Financial Analysis for the Most Recent 5 Years					As of the current year's March 31, 2024 (Note 1)
			2019	2020	2021	2022	2023	
Financial structure (%)	Debt to assets ratio		75.71	75.76	76.37	74.65	75.98	77.37
	Long-term capital to property, plants and equipment		262.70	343.73	356.43	328.69	321.69	324.20
Solvency (%)	Current ratio		92.91	101.72	101.39	102.04	102.03	102.95
	Quick ratio		87.03	97.96	96.25	96.23	96.59	97.84
	Interest coverage ratio		4.07	7.56	9.47	5.55	1.87	2.41
Operating efficiency	Receivables turnover (times)		4.44	1.73	1.54	1.56	1.26	1.18
	Average cash collection days		82	211	236	234	290	309
	Inventory turnover (times)		4.78	4.26	5.65	5.16	4.61	4.85
	Payables turnover (times)		6.41	3.14	3.25	4.66	5.01	3.66
	Average inventory turnover days		76	86	65	71	79	75
	Property, plant and equipment turnover (times)		1.79	1.55	2.06	1.96	1.51	1.63
	Total asset turnover (times)		0.22	0.16	0.20	0.22	0.17	0.18
Profitability	Return on assets (%)		1.97	2.57	2.90	2.35	1.36	1.83
	Return on equity (%)		5.99	9.06	10.86	7.84	2.52	4.49
	Pre-tax profit to paid-up capital (%)		17.04	30.99	36.25	29.00	9.27	17.09
	Net profit margin (%)		6.54	13.49	12.55	9.08	3.49	5.78
	Earnings per share (NTD)		1.11	1.79	2.41	1.75	0.47	0.22
Cash flow	Cash flow ratio (%)		4.47	0	0	2.16	0	0.49
	Cash flow adequacy ratio (%)		206.15	206.13	70.94	60.51	33.49	16.66
	Cash reinvestment ratio (%)		4.62	(1.09)	(1.98)	0.23	(1.66)	0.66
Degree of leverage	Operating leverage		1.00	1.00	1.00	1.00	1.00	1.00
	Financial leverage		1.33	1.34	1.12	1.28	(17.77)	4.80

Note 1: Financial information dated on March 31, 2023 has not yet been audited by the CPA.

- Interest coverage ratio: Due to the increase of interest expense in 2023 compared with that in 2022.
- Payables turnover (times): Due to the decrease of payables in 2023 compared with that in 2022.
- Return on equity: Due to the decrease of after-tax profit in 2023 compared with that in 2022.
- Pre-tax profit to paid-up capital (%): Due to the decrease of pre-tax profit in 2023 compared with that in 2022.
- Net profit ratio: Due to the decrease of after-tax profit in 2023 compared with that in 2022.
- Earnings per share: Due to the decrease of after-tax profit in 2023 compared with that in 2022.
- Cash reinvestment ratio: Due to the increase of net cash flow from operating activities in 2023 compared with that in 2022.
- Cash flow ratio: Due to the increase of net cash flow from operating activities in 2023 compared with that in 2022.
- Average cash collection days: due to the decrease in net sales in 2023 compared to 2022.
- Financial leverage: Due to the decrease of operating revenue in 2023 compared with that in 2022.
- Property, plant, and equipment turnover: Due to the decrease in sales revenue in 2023 compared with that in 2022.
- Total asset turnover: due to the decrease in net sales in 2023 compared to 2022.
- Return on assets: Due to the decrease of after-tax profit in 2023 compared with that in 2022.

#### 1. Financial position

- (1) Debt to asset ratio = total liabilities/ total assets.

- (2) Long-term capital to property, plants, and equipment = (total equity + non-current liabilities)/net property, plants, and equipment.
2. Solvency
  - (1) Current ratio = current assets/current liabilities.
  - (2) Quick ratio = (current assets - inventory - prepayments)/current liabilities.
  - (3) Interest coverage ratio = net profit before interest and tax/interest expenses for the current period.
3. Operating efficiency
  - (1) Receivables turnover (including accounts receivable and notes receivable from business activities) = net sales/average receivables balance (including accounts receivable and notes receivable from business activities).
  - (2) Average cash collection days = 365/receivables turnover.
  - (3) Inventory turnover = cost of sales/average inventory balance.
  - (4) Payables turnover (including accounts payable and notes payable for business activities) = cost of sales/average payables balance (including accounts payable and notes payable for business activities).
  - (5) Average inventory turnover days = 365/inventory turnover.
  - (6) Property, plants, and equipment turnover = net sales/average net property, plants, and equipment balance.
  - (7) Total asset turnover = net sales/average total assets.
4. Profitability
  - (1) Return on assets = (net income + interest expenses x (1 - tax rate))/average asset balance.
  - (2) Return on equity = net income/average shareholders' equity.
  - (3) Net profit margin = net income/net sales.
  - (4) Earnings per share = (net income attributable to parent company shareholders - preferred share dividends)/weighted average outstanding shares.
5. Cash flow
  - (1) Cash flow ratio = net cash flow from operating activities/current liabilities.
  - (2) Cash flow adequacy ratio = net cash flow from operating activities for the previous 5 years/(capital expenditure + increase in inventory + cash dividends) for the previous 5 years.
  - (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends)/(gross property, plants, and equipment + long-term investments + other non-current assets + working capital).
6. Degree of leverage:
  - (1) Degree of operating leverage = (net operating revenues - variable operating costs and expenses) / operating profit.
  - (2) Degree of financial leverage = operating profit / (operating profit - interest expense).



## (2) Standalone financial analysis - IFRS-compliant

Unit: NTD thousands

Analysis \ Year		Financial Analysis for the Most Recent 5 Years					As of the current year's March 31 (Note 1)
		2019	2020	2021	2022	2023	
Financial position (%)	Debt to assets ratio	32.21	30.49	32.43	33.79	32.58	
	Long-term capital to property, plants and equipment	479.13	571.88	554.93	558.00	558.01	
Solvency %	Current ratio	128.01	148.35	185.94	156.21	115.87	
	Quick ratio	83.90	104.38	121.45	96.39	75.17	
	Interest coverage ratio	17.64	28.01	36.59	24.39	4.78	
Operating efficiency	Receivables turnover (times)	8.69	7.40	8.96	8.97	8.68	
	Average cash collection days	42	49	41	41	42	
	Inventory turnover (times)	6.17	5.29	6.86	6.56	6.10	
	Payables turnover (times)	12.86	12.89	15.16	16.99	17.50	
	Average inventory turnover days	59	69	53	56	60	
	Property, plant and equipment turnover (times)	2.63	2.22	3.02	3.27	2.59	
	Total asset turnover (times)	0.47	0.34	0.49	0.52	0.40	
Profitability	Return on assets (%)	4.35	6.68	8.05	5.49	1.68	
	Return on equity (%)	6.12	9.42	11.48	7.89	2.13	
	Pre-tax profit to paid-up capital (%)	12.17	19.52	26.28	20.64	4.10	
	Net profit margin (%)	8.67	18.62	15.00	10.08	3.50	
	Earnings per share (NTD)	1.11	1.79	2.41	1.75	0.47	
Cash flow	Cash flow ratio (%)	24.42	27.23	15.59	42.11	13.03	
	Cash flow adequacy ratio (%)	80.54	71.42	43.8	50.28	48.18	
	Cash reinvestment ratio (%)	0.35	1.08	(1.42)	0.32	(1.15)	
Degree of leverage	Operating leverage	8.34	0	3.17	5.47	0	
	Financial leverage	1.18	0	1.06	1.12	0	

Note 1: Financial information dated on March 31, 2023 has not yet been audited by the CPA.

1. Current ratio: Due to the decrease of current liabilities in 2023 compared with that in 2022.
2. Quick ratio: Due to the decrease of current liabilities in 2023 compared with that in 2022.
3. Interest coverage ratio: Due to the increase of interest expense in 2023 compared with that in 2022.
4. Return on assets: Due to the decrease of after-tax profit in 2023 compared with that in 2022.
5. Return on equity: Due to the decrease of after-tax profit in 2023 compared with that in 2022.
6. Pre-tax profit ratio and paid-in capital ratio: Due to the decrease of pre-tax profit in 2023 compared with that in 2022.
7. Decrease of earnings per share: Due to the decrease of after-tax profit in 2023 compared with that in

- 2022.
8. Cash flow ratio: Due to the decrease of net cash inflow from operating activities in 2023 compared to 2022.
  9. Cash reinvestment ratio: Due to the decrease of net cash flow from operating activities in 2023 compared with that in 2022.
  10. Net profit ratio: Due to the decrease of after-tax profit in 2023 compared with that in 2022.
  11. Operating leverage: Due to the decrease of operating revenue in 2023 compared with that in 2022.
  12. Operating leverage: Due to the decrease of operating revenue in 2023 compared with that in 2022.
  13. Property, plant, and equipment turnover: Due to the decrease in sales revenue in 2023 compared with that in 2022.
  14. Total asset turnover: due to the decrease in net sales in 2023 compared to 2022.
1. Financial position
    - (1) Debt to asset ratio = total liabilities/ total assets.
    - (2) Long-term capital to property, plants, and equipment = (total equity + non-current liabilities)/net property, plants, and equipment.
  2. Solvency
    - (1) Current ratio = current assets/current liabilities.
    - (2) Quick ratio = (current assets - inventory - prepayments)/current liabilities.
    - (3) Interest coverage ratio = net profit before interest and tax/interest expenses for the current period.
  3. Operating efficiency
    - (1) Receivables turnover (including accounts receivable and notes receivable from business activities) = net sales/average receivables balance (including accounts receivable and notes receivable from business activities).
    - (2) Average cash collection days = 365/receivables turnover.
    - (3) Inventory turnover = cost of sales/average inventory balance.
    - (4) Payables turnover (including accounts payable and notes payable for business activities) = cost of sales/average payables balance (including accounts payable and notes payable for business activities).
    - (5) Average inventory turnover days = 365/inventory turnover.
    - (6) Property, plants, and equipment turnover = net sales/average net property, plants, and equipment balance.
    - (7) Total asset turnover = net sales/average total assets.
  4. Profitability
    - (1) Return on assets = (net income + interest expenses x (1 - tax rate))/average asset balance.
    - (2) Return on equity = net income/average shareholders' equity.
    - (3) Net profit margin = net income/net sales.
    - (4) Earnings per share = (net income attributable to parent company shareholders - preferred share dividends)/weighted average outstanding shares.
  5. Cash flow
    - (1) Cash flow ratio = net cash flow from operating activities/current liabilities.
    - (2) Cash flow adequacy ratio = net cash flow from operating activities for the previous 5 years/(capital expenditure + increase in inventory + cash dividends) for the previous 5 years.
    - (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends)/(gross property, plants, and equipment + long-term investments + other non-current assets + working capital).
  6. Degree of leverage:
    - (1) Degree of operating leverage = (net operating revenues - variable operating costs and expenses) / operating profit.
    - (2) Degree of financial leverage = operating profit / (operating profit - interest expense).



### III. Audit Committee's Report in the Most Recent Year

#### Shinkong Synthetic Fibers Corp. Audit Committee Report

This is to certify that

The Audit Committee has completed the review of the 2023 individual and consolidated financial statements prepared by the Board of Directors and audited and certified by CPAs Chen, Wen-Hsiang and Hsu, Wen-Ya of Deloitte & Touche, based on which an independent auditor's report was issued, along with the 2023 business report and earnings distribution proposal. The Audit Committee finds no inappropriate disclosures with respect to the above, and hereby issues this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Please  
proceed with the approval

For

2024 General Shareholders' Meeting of Shinkong Synthetic Fibers Corp.

Members of Audit Committee:

Hsien Der Chiu



Yung-Ching Tsai



Huei-Huang Lin



March 11, 2024

#### IV. Financial Statements for the Most Recent Year

**Shinkong Synthetic Fibers Corporation and  
Subsidiaries**

**Consolidated Financial Statements for the Years Ended  
December 31, 2023 and 2022 and Independent  
Auditors' Report**

## **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

SHINKONG SYNTHETIC FIBERS CORPORATION

By

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March 11, 2024

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Shinkong Synthetic Fibers Corporation

### **Opinion**

We have audited the accompanying consolidated financial statements of Shinkong Synthetic Fibers Corporation and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the consolidated financial statements for the year ended December 31, 2023 is stated as follows:

#### Risk of Fraud Sales to Specific Customers

The revenue of the Group in 2023 decreased compared with last year. According to the Standards on Auditing of the Republic of China, revenue recognition has a significant risk of fraud. Also, the revenue from specific customers in 2023 has increased significantly. Therefore, was considered the risk of fraud sales to specific customers as a key audit matter.

Refer to Note 4 of the consolidated financial statements for the revenue accounting policy information.

Our audit procedures performed were as follows:

1. We obtained an understanding of the design and implementation of internal control system related to the recognition of sales revenue.
2. We reviewed the original documents related to the recognition of sales revenue and the collection by audit sampling.

#### **Other Matter**

We have also audited the parent company only financial statements of Shinkong Synthetic Fibers Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for

overseeing the Group's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision,

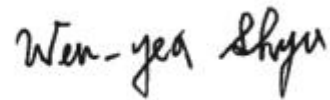
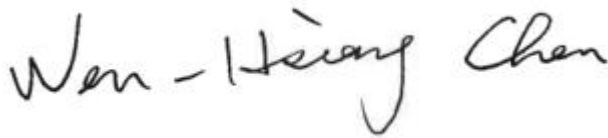
and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Wen-Hsiang Chen and Wen-Yea Shyu.



Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 11, 2024

Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

# SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 39)	\$ 10,499,318	6	\$ 11,189,943	6
Due from the Central Bank and call loans to other banks (Note 7)	4,274,003	2	3,444,056	2
Financial assets at fair value through profit or loss - current (Notes 4, 8 and 39)	1,474,320	1	1,314,406	1
Financial assets at fair value through other comprehensive income - current (Notes 4, 9, 39 and 41)	4,495,217	2	3,404,662	2
Financial assets at amortized cost - current (Notes 4, 10, 39 and 41)	1,083,615	1	799,701	-
Bills and bonds purchased under resale agreements (Notes 4 and 11)	2,296,769	1	3,306,098	2
Other financial assets - current (Notes 39 and 41)	1,487,783	1	843,196	1
Notes receivable, net (Notes 4, 12, 39 and 40)	2,423,642	1	2,228,043	1
Trade receivables, net (Notes 4, 12, 39 and 40)	16,914,458	9	14,363,080	8
Other receivables (Notes 4, 12 and 39)	632,804	-	624,961	-
Margin loans receivable	9,926,738	5	6,488,985	4
Customer margin accounts	1,726,956	1	1,810,738	1
Inventories (Notes 4 and 13)	6,034,038	3	6,090,856	3
Prepayments	684,914	-	571,473	-
Other current assets (Note 23)	7,128,123	4	5,640,810	3
Discounts and loans, net (Notes 14 and 40)	<u>54,858,632</u>	<u>28</u>	<u>54,979,683</u>	<u>30</u>
Total current assets	<u>125,941,330</u>	<u>65</u>	<u>117,100,691</u>	<u>64</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4, 8 and 39)	63,724	-	89,408	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 9, 39 and 41)	9,053,576	5	7,799,829	4
Financial assets at amortized cost - non-current (Notes 4, 10, 39 and 41)	18,643,365	10	18,526,163	10
Investments accounted for using the equity method (Notes 4, 16 and 36)	2,079,499	1	1,436,888	1
Other financial assets - non-current (Notes 39 and 41)	135,255	-	134,115	-
Property, plant and equipment (Notes 4, 17 and 41)	22,260,544	11	20,374,003	11
Right-of-use assets (Notes 4, 18 and 40)	3,568,616	2	3,685,669	2
Investment properties (Notes 4, 19 and 41)	2,368,951	1	2,390,798	2
Goodwill (Notes 4 and 20)	280,204	-	280,204	-
Other intangible assets (Notes 4 and 21)	145,342	-	151,686	-
Deferred tax assets (Notes 4 and 33)	611,086	-	578,325	1
Other non-current assets (Notes 23 and 41)	9,582,415	5	8,872,459	5
Operating deposits and settlement funds (Note 22)	<u>309,621</u>	<u>-</u>	<u>310,836</u>	<u>-</u>
Total non-current assets	<u>69,102,198</u>	<u>35</u>	<u>64,630,383</u>	<u>36</u>
TOTAL	<u>\$ 195,043,528</u>	<u>100</u>	<u>\$ 181,731,074</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 24, 39, 40 and 41)	\$ 9,931,914	5	\$ 7,857,645	4
Short-term bills payable (Notes 24 and 39)	12,122,019	6	6,531,577	4
Bills and bonds sold under repurchase agreements (Notes 4 and 11)	3,315,758	2	3,973,804	2
Financial liabilities at fair value through profit or loss - current (Notes 4, 8 and 39)	10,223	-	8,140	-
Due to the Central Bank and other banks	2,918,153	1	3,501,152	2
Notes payable (Notes 26 and 39)	216,626	-	164,355	-
Trade payables (Notes 26, 39 and 40)	7,290,727	4	5,068,235	3
Other payables (Notes 28 and 39)	2,680,508	1	2,690,475	1
Securities financing refundable deposits (Note 4)	1,208,389	1	1,882,667	1
Deposits payable for securities financing (Note 4)	1,310,746	1	1,622,158	1
Futures traders' equity	1,726,551	1	1,810,188	1
Current tax liabilities (Notes 4 and 33)	303,803	-	569,404	-
Current portion of long-term borrowings and bonds payable (Notes 4, 24, 25, 39 and 41)	5,708,641	3	6,328,663	4
Lease liabilities - current (Notes 4, 19, 39 and 40)	434,592	-	417,230	-
Other current liabilities (Notes 4 and 28)	695,835	-	1,185,475	1
Deposits and remittances (Notes 27 and 40)	<u>73,558,473</u>	<u>38</u>	<u>71,151,875</u>	<u>39</u>
Total current liabilities	<u>123,432,958</u>	<u>63</u>	<u>114,763,043</u>	<u>63</u>
NON-CURRENT LIABILITIES				
Bonds payable (Notes 25 and 39)	5,820,000	3	6,320,000	4
Long-term borrowings (Notes 25, 39 and 41)	15,128,768	8	10,383,059	6
Provisions - non-current (Notes 4, 29 and 30)	162,243	-	251,721	-
Guarantee deposits received (Note 28)	233,225	-	254,554	-
Lease liabilities - non-current (Notes 4, 19, 39 and 40)	1,762,042	1	1,843,092	1
Other non-current liabilities (Notes 4 and 28)	127,401	-	175,303	-
Deferred tax liabilities (Notes 4 and 33)	<u>1,531,812</u>	<u>1</u>	<u>1,662,427</u>	<u>1</u>
Total non-current liabilities	<u>24,765,491</u>	<u>13</u>	<u>20,890,156</u>	<u>12</u>
Total liabilities	<u>148,198,449</u>	<u>76</u>	<u>135,653,199</u>	<u>75</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 31)				
Share capital	<u>16,184,093</u>	<u>8</u>	<u>16,184,093</u>	<u>9</u>
Capital surplus	<u>1,963,101</u>	<u>1</u>	<u>1,950,312</u>	<u>1</u>
Retained earnings				
Legal reserve	2,544,458	1	2,254,830	1
Special reserve	2,328,591	1	2,328,591	1
Unappropriated earnings	<u>8,794,516</u>	<u>5</u>	<u>9,909,756</u>	<u>6</u>
Total retained earnings	<u>13,667,565</u>	<u>7</u>	<u>14,493,177</u>	<u>8</u>
Other equity	<u>4,566,158</u>	<u>3</u>	<u>2,884,397</u>	<u>1</u>
Treasury shares	<u>(29,834)</u>	<u>-</u>	<u>(29,834)</u>	<u>-</u>
Total equity attributable to owners of the Company	36,351,083	19	35,482,145	19
NON-CONTROLLING INTERESTS	<u>10,493,996</u>	<u>5</u>	<u>10,595,730</u>	<u>6</u>
Total equity	<u>46,845,079</u>	<u>24</u>	<u>46,077,875</u>	<u>25</u>
TOTAL	<u>\$ 195,043,528</u>	<u>100</u>	<u>\$ 181,731,074</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

# SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
REVENUE (Notes 4, 32 and 40)				
Interest income	\$ 2,717,644	7	\$ 2,263,130	5
Fee income	1,857,069	5	1,729,928	4
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	39,691	-	-	-
Share of profit of associates and joint ventures	6,417	-	46,741	-
Realized gain on financial assets at fair value through other comprehensive income	20,455	-	27,472	-
Net sales	33,545,388	85	39,862,180	87
Rental revenue	413,429	1	351,018	1
Net gain on disposal of financial assets	14,735	-	235	-
Gain on disposal of property, plant and equipment	9,295	-	3,709	-
Reversal of impairment loss	-	-	52,330	-
Foreign exchange gains	80,700	-	852,066	2
Unrealized gain (loss) on transactions with associates	3,450	-	(9,424)	-
Other revenue	856,867	2	778,836	1
Gain on disposal of collateral	-	-	9,452	-
Total revenue	<u>39,565,140</u>	<u>100</u>	<u>45,967,673</u>	<u>100</u>
EXPENSES (Notes 4, 13, 17, 18, 32 and 40)				
Finance costs	1,732,214	4	1,032,314	2
Bad debt expense, commitments and guarantee liability provisions	(36,306)	-	37,275	-
Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	-	-	1,568	-
Cost of goods sold	31,905,462	81	35,140,080	77
Rental costs	70,986	-	63,570	-
Operating expenses				
Selling and marketing expenses	1,178,132	3	1,834,191	4
General and administrative expenses	2,303,309	6	2,415,655	5
Research and development expenses	<u>478,135</u>	<u>1</u>	<u>395,951</u>	<u>1</u>
Total operating expenses	<u>3,959,576</u>	<u>10</u>	<u>4,645,797</u>	<u>10</u>
Impairment loss	7,529	-	-	-
Other expenses	377,054	1	321,542	1
Expected credit loss	<u>47,794</u>	<u>-</u>	<u>31,482</u>	<u>-</u>
Total expenses	<u>38,064,309</u>	<u>96</u>	<u>41,273,628</u>	<u>90</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,500,831	4	4,694,045	10
INCOME TAX EXPENSE (Notes 4 and 33)	<u>331,257</u>	<u>1</u>	<u>1,073,557</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>1,169,574</u>	<u>3</u>	<u>3,620,488</u>	<u>8</u>

(Continued)

# SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 4, 31 and 33)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 29,692	-	\$ 10,769	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	1,247,211	3	(980,472)	(2)
Share of the other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	503,368	1	(411,344)	(1)
Income tax relating to items that will not be reclassified subsequently to profit or loss	(6,046)	-	(1,826)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(25,655)	-	354,008	-
Unrealized loss on investments in debt instruments at fair value through other comprehensive income (loss)	<u>31,805</u>	<u>-</u>	<u>(70,823)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>1,780,375</u>	<u>4</u>	<u>(1,099,688)</u>	<u>(3)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,949,949</u>	<u>7</u>	<u>\$ 2,520,800</u>	<u>5</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 764,410	2	\$ 2,823,787	6
Non-controlling interests	<u>405,164</u>	<u>1</u>	<u>796,701</u>	<u>2</u>
	<u>\$ 1,169,574</u>	<u>3</u>	<u>\$ 3,620,488</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,474,558	6	\$ 1,655,848	3
Non-controlling interests	<u>475,391</u>	<u>1</u>	<u>864,952</u>	<u>2</u>
	<u>\$ 2,949,949</u>	<u>7</u>	<u>\$ 2,520,800</u>	<u>5</u>
EARNINGS PER SHARE (Note 34)				
Basic				
From continuing operations	<u>\$ 0.47</u>		<u>\$ 1.75</u>	
Diluted				
From continuing operations	<u>\$ 0.47</u>		<u>\$ 1.75</u>	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

# SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										
						Other Equity					
	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2022	\$ 16,184,093	\$ 1,946,797	\$ 1,793,632	\$ 2,328,591	\$ 9,740,444	\$ (391,252)	\$ 4,516,084	\$ (29,834)	\$ 36,088,555	\$ 10,229,333	\$ 46,317,888
Appropriation of 2021 earnings											
Legal reserve	-	-	461,198	-	(461,198)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(2,265,773)	-	-	-	(2,265,773)	-	(2,265,773)
Actual partial acquisition of interests in subsidiaries	-	6,199	-	-	-	-	-	-	6,199	(6,199)	-
Changes in percentage of ownership interest in subsidiaries	-	(2,684)	-	-	-	-	-	-	(2,684)	2,684	-
Net profit for the year ended December 31, 2022	-	-	-	-	2,823,787	-	-	-	2,823,787	796,701	3,620,488
Other comprehensive loss for the year ended December 31, 2022, net of income tax	-	-	-	-	(6,854)	242,785	(1,403,870)	-	(1,167,939)	68,251	(1,099,688)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	2,816,933	242,785	(1,403,870)	-	1,655,848	864,952	2,520,800
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(495,040)	(495,040)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income/disposals of investments in equity instruments designated as at fair value through other comprehensive income by associates	-	-	-	-	79,350	-	(79,350)	-	-	-	-
BALANCE AT DECEMBER 31, 2022	16,184,093	1,950,312	2,254,830	2,328,591	9,909,756	(148,467)	3,032,864	(29,834)	35,482,145	10,595,730	46,077,875
Appropriation of 2022 earnings											
Legal reserve	-	-	289,628	-	(289,628)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,618,409)	-	-	-	(1,618,409)	-	(1,618,409)
Changes in capital surplus from investments in associates accounted for using the equity method	-	1,988	-	-	-	-	-	-	1,988	-	1,988
Actual partial acquisition of interests in subsidiaries	-	18,324	-	-	-	-	-	-	18,324	(18,324)	-
Changes in percentage of ownership interest in subsidiaries	-	(7,523)	-	-	-	-	-	-	(7,523)	7,523	-
Net profit for the year ended December 31, 2023	-	-	-	-	764,410	-	-	-	764,410	405,164	1,169,574
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	23,930	(40,439)	1,726,657	-	1,710,148	70,227	1,780,375
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	788,340	(40,439)	1,726,657	-	2,474,558	475,391	2,949,949
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(566,324)	(566,324)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income/disposals of investments in equity instruments designated as at fair value through other comprehensive income by associates	-	-	-	-	4,457	-	(4,457)	-	-	-	-
BALANCE AT DECEMBER 31, 2023	\$ 16,184,093	\$ 1,963,101	\$ 2,544,458	\$ 2,328,591	\$ 8,794,516	\$ (188,906)	\$ 4,755,064	\$ (29,834)	\$ 36,351,083	\$ 10,493,996	\$ 46,845,079

The accompanying notes are an integral part of the consolidated financial statements.

# SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,500,831	\$ 4,694,045
Adjustments for:		
Depreciation expenses	1,987,082	1,758,952
Amortization expenses	14,803	9,171
Expected credit loss recognized on trade receivables	11,488	68,757
Net (gain) loss on fair value changes of financial assets and liabilities at fair value through profit or loss	(39,691)	1,568
Finance costs	1,732,214	1,032,314
Interest income	(2,717,644)	(2,263,130)
Share of profit of associates	(6,417)	(46,741)
Gain on disposal and retirement of property, plant and equipment	(9,295)	(3,709)
Net gain on disposal of financial assets	(35,190)	(27,707)
Unrealized (gain) loss on transactions with associates	(3,450)	9,424
Impairment loss (reversed) recognized on property, plant and equipment	7,529	(52,330)
Gain on disposal of collateral	-	(9,452)
Net loss (gain) on foreign currency exchange	9,842	(566,738)
Gain on lease modifications	(588)	(14,911)
Changes in operating assets and liabilities		
(Increase) decrease in due from the Central Bank and call loans to other banks	(829,947)	349,576
(Increase) decrease in financial assets at fair value through profit or loss	(77,721)	655,185
(Increase) decrease in notes receivable and trade receivables	(4,667,050)	4,136,130
(Increase) decrease in margin loans receivable	(3,437,753)	3,527,645
Decrease (increase) in customer margin accounts	83,782	(233,355)
Decrease (increase) in inventories	56,818	(15,804)
Decrease (increase) in prepayments	(111,341)	27,100
(Increase) decrease in other current assets	(1,481,716)	5,775,022
Decrease (increase) in discounts and loans	164,171	(1,821,166)
Decrease in due to the Central Bank and other banks	(582,999)	(3,629,182)
Increase (decrease) in other payables	1,909,534	(5,227,891)
(Decrease) increase in securities financing refundable deposits	(674,278)	428,619
(Decrease) increase in deposits payable for securities financing	(311,412)	10,589
(Decrease) increase in futures traders' equity	(83,637)	233,417
Decrease in other current liabilities	(371,322)	(6,255,973)
Increase in deposits and remittances	2,406,598	176,623
Decrease in employee benefits provisions	(65,832)	(228,294)
Cash (used in) generated from operations	(5,622,591)	2,497,754
Interest received	2,747,231	2,261,602
Interest paid	(1,710,059)	(981,270)
Income tax paid	(765,950)	(1,303,505)
Net cash (used in) generated from operating activities	(5,351,369)	2,474,581

(Continued)

# SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	\$ (1,677,251)	\$ (517,037)
Proceeds from sale of financial assets at fair value through other comprehensive income	612,636	613,957
Purchase of financial assets at amortized cost	(47,045,217)	(79,694,878)
Proceeds from sale of financial assets at amortized cost	46,620,880	83,596,204
Acquisition of associates	(128,588)	(4,200)
Net cash outflow on acquisition of subsidiary	2,481	(190,028)
Payments for property, plant and equipment	(3,523,847)	(2,263,358)
Proceeds from disposal of property, plant and equipment	26,634	14,239
Decrease (increase) in operating deposits	1,215	(4,422)
Decrease in refundable deposits	92,067	84,156
(Increase) decrease in other receivables	(6,941)	78,990
Payments for intangible assets	(8,662)	(6,001)
Proceeds from disposal of collateral	-	55,499
Payments for investment properties	-	(4,559)
Decrease in bills and bonds purchased under resale agreements	1,009,329	2,565,220
Increase in other financial assets	(645,727)	(121,603)
Decrease (increase) in other assets	1,098,011	(1,803,777)
Dividends received from associates	<u>1,200</u>	<u>645</u>
Net cash (used in) generated from investing activities	<u>(3,571,780)</u>	<u>2,399,047</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	2,074,269	1,697,264
Repayments of short-term borrowings	5,590,442	-
Decrease from short-term bills payable	-	(3,956,529)
Proceeds from other borrowings	3,625,687	1,584,813
Decrease from funds borrowed from the Central Bank and other banks	-	(399,590)
Proceeds in bills and bonds sold under repurchase agreements	-	84,253
Decrease in bills and bonds sold under repurchase agreements	(658,046)	-
Decrease from guarantee deposits received	(21,329)	(7,369)
Payment of the principal portion of lease liabilities	(168,662)	(526,556)
(Decrease) increase in other non-current liabilities	(20,043)	13,543
Dividends paid to owners of the Company	(1,618,409)	(2,265,773)
Changes in non-controlling interests	<u>(566,324)</u>	<u>(600,880)</u>
Net cash generated from (used in) financing activities	<u>8,237,585</u>	<u>(4,376,824)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>(5,061)</u>	<u>408,846</u>
		(Continued)

# SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

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	2023	2022
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	\$ (690,625)	\$ 905,650
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>11,189,943</u>	<u>10,284,293</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 10,499,318</u>	<u>\$ 11,189,943</u>

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

# SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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#### 1. GENERAL INFORMATION

Shinkong Synthetic Fibers Corporation (“SSF” or the “Company”) was established in the Republic of China (ROC) in 1967 with an initial capital of \$22,500 thousand. As of December 31, 2021, SSF’s paid-in capital had increased to \$16,184,093 thousand. SSF manufactures and sells polyester polymers, polyester staple fibers, polyester textured yarns, polyester chips, pre-oriented yarns, polyester flat yarns, polyethylene terephthalate (PET) resins used in PET bottles and polyester base films. The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since August 1973.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars since the Company’s shares are listed on the Taiwan Stock Exchange.

#### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 11, 2024.

#### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies:

##### Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”

The amendments introduce a temporary exception to the requirements in IAS 12 by stipulating that the Group should neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments also require the Group to disclose that it has applied the exception and separately disclose its current tax expense (income) related to Pillar Two income taxes. In addition, for periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, the Group should disclose qualitative and quantitative information that helps users of financial statements understand the Group’s exposure to Pillar Two income taxes. The requirement that the Group apply the

exception and the requirement to disclose that fact are applied immediately and retrospectively upon issuance of the amendments. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<b><u>New, Amended and Revised Standards and Interpretations</u></b>	<b><u>Effective Date Announced by IASB (Note 1)</u></b>
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<b><u>New, Amended and Revised Standards and Interpretations</u></b>	<b><u>Effective Date Announced by IASB (Note 1)</u></b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings.

When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICIEY INFORMATION**

##### **a. Statement of compliance**

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

##### **b. Basis of preparation**

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

##### **c. Classification of current and non-current assets and liabilities**

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of financial assets at fair value through other comprehensive income or financial assets at fair value through profit or loss or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

See Note 15 and Table 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. Other types of non-controlling interests are measured at fair value.

f. Foreign currencies

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting the consolidated financial statements, the functional currencies of its foreign operations (including subsidiaries, associates, and branches in other countries or those that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

g. Inventories

Inventories consist of raw materials, supplies, semi-finished goods, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

h. Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group uses the equity method to account for its investments in associates and joint ventures.

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate and joint venture. The Group also recognizes the changes in the Group's share of the equity of associates and joint venture.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate or a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate and joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate and joint venture. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the

associate and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate and a joint venture equals or exceeds its interest in that associate and joint venture (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate and joint venture), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate and joint venture.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and the joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and the joint venture. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When an entity in the Group transacts with its associate and joint venture, profits and losses resulting from the transactions with the associate and joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate and the joint venture that are not related to the Group.

i. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated

separately. For assets which were held under finance leases before January 1, 2019, if their respective lease terms are shorter than their useful lives, such assets are depreciated over their lease terms. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

Investment properties under construction are measured at cost less accumulated impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Depreciation of these assets commences when the assets are ready for their intended use.

For a transfer of classification from investment properties to property, plant and equipment, the deemed cost of the property for subsequent accounting is its carrying amount at the commencement of owner-occupation.

For a transfer of classification from property, plant and equipment to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount at the end of owner-occupation.

For a transfer of classification from inventories to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount at the inception of an operating lease.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

k. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its

carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

l. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Internally-generated intangible assets - research and development expenditure

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

3) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

4) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

m. Impairment of property, plant and equipment, right-of-use asset, investment properties and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated

in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

n. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 39.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, time deposits with original maturities of more than 3 months, notes receivable, trade receivables and other receivables at amortized cost, margin loans receivable, securities purchased and sold under resale and repurchase agreements and overdue receivables, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when significant financial difficulty of the issuer or the borrower; Breach of contract, such as a default; It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or the disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

#### iv. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

For securities purchased under resale agreements, the actual amount paid to the counterparty is treated as a financing transaction. For securities sold under repurchase agreements, the actual amount received from the counterparty and the related interest revenue or interest expense is recognized on an accrual basis.

Margin loans pertain to provision of funds to customers for them to buy securities. Margin loans receivable represents the amount loaned to customers. The securities bought by customers are used to secure these loans and are recorded through memo entries as "collateral securities". The collateral securities are returned when the loans are repaid.

#### b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are

measured at FVTOCI, lease receivables, as well as contract assets.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables, discounts and loans and lease receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information indicates that the debt is impossible to be repaid.
- ii. When a financial asset is more than a certain period past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

In addition, the MOF regulations also require that credit assets be classified as normal assets, assets that require special mention, substandard assets, assets with doubtful collection, and assets on which there is loss, and the minimum allowance for credit losses and reserve for losses on guarantees for these assets should be 1%, 2%, 10%, 50%, and 100% of outstanding credits, respectively. According to FSC Rule No. 10010006830, the minimum allowance for credit losses and reserve for losses on guarantees for the normal assets should be 1%. According to FSC Rule No. 10300329440, allowance for doubtful accounts should not be lower than 1.5%.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

#### c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum

of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

## 2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

## 3) Financial liabilities

### a) Subsequent measurement

Except the following situation, all financial liabilities are measured at amortized cost using the effective interest method:

#### Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading.

Financial liabilities held for trading are stated at fair value, and any interest paid on such financial liabilities is recognized in finance costs; any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses.

Fair value is determined in the manner described in Note 39.

### b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

## 4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps, cross-currency swap contracts and convertible bonds assets swap.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of a derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instruments is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

#### 5) Modification of financial instruments

When a financial instrument is modified, the Group assesses whether the modification will result in derecognition. If modification of a financial instrument results in derecognition, it is accounted for as derecognition of financial assets or liabilities. If the modification does not result in derecognition, the Group recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liability based on the modified cash flows discounted at the original effective interest rate with any modification gain or loss recognized in profit or loss. The cost incurred is adjusted to the carrying amount of the modified financial asset or financial liability and amortized over the modified remaining period.

For the changes in the basis for determining contractual cash flows of financial assets or financial liabilities resulting from the interest rate benchmark reform, the Group elects to apply the practical expedient in which the changes are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis. When multiple changes are made to a financial asset or a financial liability, the Group first applies the practical expedient to those changes required by interest rate benchmark reform, and then applies the requirements of modification of financial instruments to the other changes that cannot apply the practical expedient.

#### o. Collaterals assumed

Collaterals assumed by Taipei Star Bank are recorded at the book value and evaluated at fair value at the end of the period. An impairment loss is recognized when the book value of collaterals exceeds the fair value. According to the Rules of the FSC, collaterals are not disposed until the end of statutory holding period, but they must be evaluated for impairment loss.

#### p. Securities financing guarantee deposits-in and payable for securities financing guarantee

SKIS provides financing to customers for short sale of pledged securities on margin loans or

short sale of securities borrowed from securities finance companies. The proceeds from short sale of securities borrowed by customers, net of commissions and securities transaction tax, are retained by SKIS and recorded as “deposit payable for securities financing”. In addition, the SFB requires that customers should make guarantee deposits to the Company or provide securities in lieu of cash deposits, which are recorded as “securities financing guarantee deposits”. The securities borrowed by the customers are recorded by memo entry. The guarantee deposit and the proceeds from short sale of securities will be returned to the customers as the customers redeem their credit.

q. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

r. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

1) Revenue from the sale of goods

Sales of goods are recognized as revenue when the goods are delivered to the customer’s specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the rendering of services

Service income is recognized when services are provided.

Revenue from a contract to provide services is recognized with reference to the stage of completion of the contract.

3) Dividend and interest income

Dividend income from investments is recognized when the shareholder’s right to receive payment has been established and provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest

income is accrued on a time basis by reference to the principal outstanding and at the applicable effective interest rate.

#### 4) Revenue from the finance and securities segment

SKIS, SKIC, SKIA, and SKPIA identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue of Taipei Star Bank is recognized as follows:

##### a) Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to Taipei Star Bank and the amount of income can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and at the applicable effective interest rate.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is thereafter recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

##### b) Service fees

Service fees are recorded as income upon receipt and substantial completion of activities involved in the earnings process.

##### c) Dividend income

Dividend income on investments is recognized when the shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to Taipei Star Bank and the amount of income can be measured reliably.

#### s. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

##### 1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in

respect of leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

## 2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

## t. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

u. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as a deduction from the carrying amount of the relevant assets and recognized in profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

v. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

w. Employee share options

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested

immediately.

At the end of each reporting period, the Group revises its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

x. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in

the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Group has applied the exception from the recognition and disclosure of deferred tax assets and liabilities relating to Pillar Two income taxes. Accordingly, the Group neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

### 3) Current tax and deferred tax for the period

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

#### y. Treasury shares

When the Company acquires its outstanding shares that have not been disposed of or retired, treasury shares are stated at cost and shown as a deduction in stockholders' equity. When treasury shares are sold, if the selling price is above the carrying value, the differences should be credited to the capital surplus - treasury stock transactions. If the selling price is below the carrying value, the differences should first be offset against capital surplus from the same class of treasury stock transactions, and the remainder, if any, debited to retained earnings. The carrying value of treasury stock is calculated using the weighted-average approach in accordance with the purpose of the acquisition.

When the Company's treasury shares are retired, the treasury stock account should be credited, and the capital surplus - premium on stock and capital stock account should be debited proportionately according to the share ratio. The carrying value of treasury shares in excess of the sum of its par value and premium on stock should first be offset against capital surplus from the same class of treasury stock transactions, and the remainder, if any, debited to retained earnings. The sum of the par value and premium on treasury stock in excess of its carrying value should be credited to capital surplus from the same class of treasury stock transactions.

## **5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Group considers the possible impact of the international political and economic situation on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Cash on hand	\$ 1,205,569	\$ 1,232,590
Checking accounts and demand deposits	5,554,439	5,974,885
Cash equivalents (investments with original maturities not exceeding 3 months)		
Checks for clearance	284,382	227,915
Due from banks	883,367	825,272
Short-term notes	30,040	39,864
Time deposits	<u>2,541,521</u>	<u>2,889,417</u>
	<u><b>\$ 10,499,318</b></u>	<u><b>\$ 11,189,943</b></u>

The market rate intervals of bank deposits and short-term notes at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Bank deposits	0.001%-5.40%	0.001%-4.88%
Short-term notes	1.33%	1.00%

## 7. DUE FROM CENTRAL BANK AND CALL LOANS TO BANKS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Deposit reserve account A	\$ 1,595,127	\$ 795,521
Deposit reserve account B	2,278,021	2,247,772
Financial Information Service Center settlement account	<u>400,855</u>	<u>400,763</u>
	<u><b>\$ 4,274,003</b></u>	<u><b>\$ 3,444,056</b></u>

The deposit reserves are determined monthly at prescribed rates based on the average balances of customers' deposits. The deposit reserve account B is subject to withdrawal restrictions, but other accounts can be withdrawn anytime. Refer to Note 41 for information relating to deposit reserve account B pledged as security on December 31, 2023 and 2022.

## 8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Convertible bond assets swaps	\$ 725,240	\$ 604,748
Convertible bonds	4,640	6,551
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts (a)	334	353
Foreign exchange contracts (b)	16,303	8,373
Non-derivative financial assets		
Domestic listed shares	52,417	41,121
Emerging market shares	50,409	37,529
Mutual funds	32,677	84,838
Domestic bonds	50,074	50,324
Overseas bonds	292,477	82,091
Short-term financial instruments	<u>249,749</u>	<u>398,478</u>
	<u>\$ 1,474,320</u>	<u>\$ 1,314,406</u>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Limited partnership funds	\$ 63,724	\$ 58,064
Hybrid financial assets		
Puttable preference shares	<u>-</u>	<u>31,344</u>
	<u>\$ 63,724</u>	<u>\$ 89,408</u>
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange contracts (b)	<u>\$ 10,223</u>	<u>\$ 8,140</u>

(Concluded)

- a. At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	<b>Currency</b>	<b>Maturity Date</b>	<b>Notional Amount (In Thousands)</b>
<u>December 31, 2023</u>			
Sell	JPY/NTD	2024.06.21-2024.08.2	JPY90,000/NTD19,494
		0	

December 31, 2022

	<b>Currency</b>	<b>Maturity Date</b>	<b>Notional Amount (In Thousands)</b>
Sell	JPY/NTD	2023.03.20	JPY40,000/NTD8,972
Sell	USD/NTD	2023.02.21-2023.02.23	USD1,000/NTD30,554

- b. At the end of the reporting period, outstanding foreign exchange contracts not under hedge accounting were as follows:

	<b>Currency</b>	<b>Maturity Date</b>	<b>Notional Amount (In Thousands)</b>
<u>December 31, 2023</u>			
Buy		2024.01.16-2024.02.23	
	USD	3	\$ 16,285
	AUD	2024.02.21	2,000
		2024.01.16-2024.02.2	
	CNY	1	25,121
Sell		2024.01.16-2024.02.2	
	USD	1	14,814
	AUD	2024.02.21	500
	JPY	2024.01.16-2024.01.3	
		1	1,284,139
	EUR	2024.02.23	600
	GBP	2024.02.23	500
	HKD	2024.02.23	10,520
	NZD	2024.02.21	500
(Continued)			

	<b>Currency</b>	<b>Maturity Date</b>	<b>Notional Amount (In Thousands)</b>
<u>December 31, 2022</u>			
Buy		2023.01.10-2023.08.2	
	USD	2	\$ 22,142
	AUD	2023.02.13	1,200
		2023.02.13-2023.02.2	
Sell	USD	3	5,825
	JPY	2023.01.13-2023.01.1	
		8	1,217,165
	EUR	2023.02.21	600
	GBP	2023.02.16	500
	HKD	2023.02.21	9,723
	NZD	2023.01.10-2023.02.1	
		3	1,000

(Concluded)

## 9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Current</u>		
Investments in equity instruments at FVTOCI	\$ 1,264,833	\$ 1,170,428
Investments in debt instruments at FVTOCI	<u>3,230,384</u>	<u>2,234,234</u>
	<u>\$ 4,495,217</u>	<u>\$ 3,404,662</u>

### Non-current

Investments in equity instruments at FVTOCI	<u>\$ 9,053,576</u>	<u>\$ 7,799,829</u>
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#### a. Investments in equity instruments at FVTOCI

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ 1,224,981	\$ 1,132,477
Unlisted shares	<u>39,852</u>	<u>37,951</u>
	<u>\$ 1,264,833</u>	<u>\$ 1,170,428</u>
<u>Non-current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ 6,533,941	\$ 5,661,843
Unlisted shares	<u>2,441,134</u>	<u>2,101,120</u>
Foreign investments		
Unlisted shares	<u>78,501</u>	<u>36,866</u>
	<u>\$ 9,053,576</u>	<u>\$ 7,799,829</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes; refer to Table 14 for details of the investments. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

During 2023 and 2022, the Group sold its shares in domestic investments in order to manage

credit concentration risk. The sold shares had a fair value of \$9,480 thousand and \$137,688 thousand and the Group transferred a gain of \$3,976 thousand and \$78,927 thousand, respectively, from other equity to retained earnings.

Refer to Note 41 for information relating to investments in equity instruments at FVTOCI pledged as security.

b. Investments in debt instruments at FVTOCI

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Current</u>		
Domestic investments		
Corporate bonds	\$ 2,142,493	\$ 1,866,906
Government Bonds	995,450	275,126
Financial debentures	<u>92,441</u>	<u>92,202</u>
	<u>\$ 3,230,384</u>	<u>\$ 2,234,234</u>

1) During 2023 and 2022, the expected credit loss (gain) on debt instruments of \$804 thousand and \$(212) thousand, respectively, were recognized as an impairment loss (reversal) after the Group evaluated expected credit loss on investments in debt instruments at FVTOCI.

2) Refer to Note 44 for information relating to their credit risk management and impairment.

## 10. FINANCIAL ASSETS AT AMORTIZED COST

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months		
(a)	<u>\$ 1,083,615</u>	<u>\$ 799,701</u>
<u>Non-current</u>		
Domestic investments		
Government bonds (b)	\$ 4,869,612	\$ 4,241,320
Corporate bonds (b)	6,143,234	6,245,963
Financial bonds (b)	2,474,946	2,593,547
Bills (b)	<u>5,160,000</u>	<u>5,450,000</u>
	18,647,792	18,530,830
Less: Allowance for impairment loss	<u>(4,427)</u>	<u>(4,667)</u>
	<u>\$ 18,643,365</u>	<u>\$ 18,526,163</u>

a. The interest rates for time deposits with original maturities of more than 3 months were

0.55%-5.42% and 0.3%-4.75% as of December 31, 2023 and 2022, respectively.

- b. The investments in debt instruments at amortized cost under repurchase agreements as of December 31, 2023 and 2022 amounted to \$3,326,615 thousand and \$4,090,532 thousand, respectively.
- c. Refer to Note 41 for information relating to the investments in debt instruments at amortized cost used as interbank loan and overdraft pledged as security.
- d. During 2023 and 2022, the expected credit (gain) loss on debt instruments of \$(240) thousand and \$197 thousand, respectively, was recognized after the Group evaluated expected credit loss on investments in debt instruments at amortized cost.
- e. Refer to Note 44 for information relating to their credit risk management and impairment assessment.
- f. Refer to Note 41 for information relating to investments in financial assets at amortized cost pledged as security.

## 11. BILLS AND BONDS PURCHASED UNDER RESALE AGREEMENTS

### Bills and Bonds Purchased under Resale Agreements

	December 31	
	2023	2022
Notional amounts	\$ 2,296,769	\$ 3,306,098
Interest rate	1.43%-1.45%	1.31%-2.55%
Agreed resale price	\$ 2,297,429	\$ 3,307,246

### Bills and Bonds Issued under Redemption Agreements

	December 31	
	2023	2022
Notional amounts	\$ 3,315,758	\$ 3,973,804
Interest rate	1.23%-6.00%	1.09%-4.92%
Agreed redemption price	\$ 3,319,740	\$ 3,982,148

## 12. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 2,423,642	\$ 2,228,043
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 2,423,642</u>	<u>\$ 2,228,043</u>
		(Continued)
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 17,126,793	\$ 14,561,656
Less: Allowance for impairment loss	<u>(212,335)</u>	<u>(198,576)</u>
	<u>\$ 16,914,458</u>	<u>\$ 14,363,080</u>
<u>Other receivables</u>		
Loan receivables - fixed rate	\$ -	\$ 7,800
Others	<u>632,804</u>	<u>617,161</u>
	<u>\$ 632,804</u>	<u>\$ 624,961</u>
		(Concluded)

a. Trade receivables

Credit periods are typically provided in the Group's sales agreements. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines its credit limits. Credit limits and scores attributed to customers are reviewed regularly.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation, or when the trade receivables are past due. For trade receivables that have been written off, the Group continues to engage in enforcement activity

to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's credit classification matrix.

December 31, 2023

	<b>Credit Classification - Type A</b>	<b>Credit Classification - Type B</b>	<b>Credit Classification - Type C</b>	<b>Credit Classification - Type D</b>	<b>Credit Classification - Type E</b>	<b>Total</b>
Expected credit loss rate	0%-2%	4%	15%	50%	100%	
Gross carrying amount	\$ 2,185,480	\$ 780,460	\$ 2,852	\$ -	\$ -	\$ 2,968,792
Loss allowance (Lifetime ECLs)	<u>(37,337)</u>	<u>(31,218)</u>	<u>(428)</u>	<u>-</u>	<u>-</u>	<u>(68,983)</u>
Amortized cost	<u>\$ 2,148,143</u>	<u>\$ 749,242</u>	<u>\$ 2,424</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,899,809</u>

December 31, 2022

	<b>Credit Classification - Type A</b>	<b>Credit Classification - Type B</b>	<b>Credit Classification - Type C</b>	<b>Credit Classification - Type D</b>	<b>Credit Classification - Type E</b>	<b>Total</b>
Expected credit loss rate	0%-2%	4%	15%	50%	100%	
Gross carrying amount	\$ 2,425,134	\$ 421,819	\$ 3,604	\$ -	\$ -	\$ 2,850,557
Loss allowance (Lifetime ECLs)	<u>(45,677)</u>	<u>(16,873)</u>	<u>(541)</u>	<u>-</u>	<u>-</u>	<u>(63,091)</u>
Amortized cost	<u>\$ 2,379,457</u>	<u>\$ 404,946</u>	<u>\$ 3,063</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,787,466</u>

The aging of receivables was as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Not past due	\$ 2,435,654	\$ 2,363,688
Past due 1- 90 days	516,197	475,189
Past due 91-180 days	15,333	11,680
Past due 181-360 days	1,608	-
Past due over 360 days (Note)	<u>-</u>	<u>-</u>
	<u>\$ 2,968,792</u>	<u>\$ 2,850,557</u>

Note: The above aging schedule was based on the number of past due days from the end of the credit term.

The following table details the loss allowance of trade receivables based on the Group's aging provision matrix.

December 31, 2023

	<b>Up to 60 Days</b>	<b>61 to 120 Days</b>	<b>Over 120 Days</b>	<b>Total</b>
Expected credit loss rate	0%-100%	0%-100%	100%	
Gross carrying amount	\$ 5,862,925	\$ -	\$ 8,231	\$ 5,871,156
Loss allowance (Lifetime ECLs)	<u>(26,781)</u>	<u>-</u>	<u>(8,231)</u>	<u>(35,012)</u>
Amortized cost	<u>\$ 5,836,144</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,836,144</u>

December 31, 2022

	<b>Up to 60 Days</b>	<b>61 to 120 Days</b>	<b>Over 120 Days</b>	<b>Total</b>
Expected credit loss rate	0%-44.85%	0%-100%	100%	
Gross carrying amount	\$ 4,025,681	\$ 3,919	\$ 15,038	\$ 4,044,638
Loss allowance (Lifetime ECLs)	<u>(16,055)</u>	<u>(3,919)</u>	<u>(15,038)</u>	<u>(35,012)</u>
Amortized cost	<u>\$ 4,009,626</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,009,626</u>

The following table details the loss allowance of current and non-current trade receivables based on the Group's provision matrix.

December 31, 2023

1) General case

	<b>Not Past Due</b>	<b>1 to 30 Days Past Due</b>	<b>31 to 60 Days Past Due</b>	<b>Over 61 Days Past Due</b>	<b>Total</b>
Expected credit loss rate	0%-1.078%	0.61%-11.59%	2.51%-100%	100%	
Gross carrying amount	\$ 17,243,832	\$ 216,730	\$ 27,151	\$ 110	\$ 17,487,823
Loss allowance (Lifetime ECLs)	<u>(148,564)</u>	<u>(1,631)</u>	<u>(1,683)</u>	<u>(110)</u>	<u>(151,988)</u>
Amortized cost	<u>\$ 17,095,268</u>	<u>\$ 215,099</u>	<u>\$ 25,468</u>	<u>\$ -</u>	<u>\$ 17,335,835</u>

2) Redemption case

	<b>Not Past Due 1 Year</b>	<b>1 to 2 Years Past Due</b>	<b>2 to 3 Years Past Due</b>	<b>3 to 4 Years Past Due</b>	<b>4 to 5 Years Past Due</b>	<b>Total</b>
Expected credit loss rate	0%-56.90%	53.86%-73.44%	70.86%-82.54%	82.49%-91.90%	100%	
Gross carrying amount	\$ 77,514	\$ 52,285	\$ 40,478	\$ 39,550	\$ 160,197	\$ 370,024
Loss allowance (Lifetime ECLs)	<u>(42,060)</u>	<u>(37,175)</u>	<u>(33,393)</u>	<u>(36,286)</u>	<u>(160,197)</u>	<u>(309,111)</u>
Amortized cost	<u>\$ 35,454</u>	<u>\$ 15,110</u>	<u>\$ 7,085</u>	<u>\$ 3,264</u>	<u>\$ -</u>	<u>\$ 60,913</u>

## December 31, 2022

### 1) General case

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	Over 61 Days Past Due	Total
Expected credit loss rate	0%-0.74%	0.01%-1.57%	1.57%-15.45%	100%	
Gross carrying amount	\$ 14,589,480	\$ 162,953	\$ 21,579	\$ -	\$ 14,774,012
Loss allowance (Lifetime ECLs)	<u>(149,235)</u>	<u>(1,346)</u>	<u>(1,564)</u>	<u>-</u>	<u>(152,145)</u>
Amortized cost	<u>\$ 14,440,245</u>	<u>\$ 161,607</u>	<u>\$ 20,015</u>	<u>\$ -</u>	<u>\$ 14,621,867</u>

### 2) Redemption case

	Not Past Due 1 Year	1 to 2 Years Past Due	2 to 3 Years Past Due	3 to 4 Years Past Due	4 to 5 Years Past Due	Total
Expected credit loss rate	0%-53.89%	53.17%-70.54%	70.03%-82.68%	81.93%-91.79%	100%	
Gross carrying amount	\$ 66,470	\$ 45,686	\$ 43,369	\$ 39,715	\$ 129,394	\$ 324,634
Loss allowance (Lifetime ECLs)	<u>(35,385)</u>	<u>(32,200)</u>	<u>(35,807)</u>	<u>(36,389)</u>	<u>(129,394)</u>	<u>(269,175)</u>
Amortized cost	<u>\$ 31,085</u>	<u>\$ 13,486</u>	<u>\$ 7,562</u>	<u>\$ 3,326</u>	<u>\$ -</u>	<u>\$ 55,459</u>

The movements of the loss allowance of current and non-current trade receivables were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 519,423	\$ 490,321
Add: Net remeasurement of loss allowance	50,160	31,603
Less: Amounts written off	(4,666)	(3,266)
Foreign exchange differences	<u>178</u>	<u>765</u>
Balance at December 31	<u>\$ 565,095</u>	<u>\$ 519,423</u>

#### b. Other receivables - loans receivable

The interest rates and the amounts due on contractual maturity dates of fixed rate loans receivable were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Fixed rate		
Less than one year	<u>\$ -</u>	<u>\$ 7,800</u>

The effective interest rates of loans receivable which are the same as coupon rates were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Fixed rate	-	5%

### 13. INVENTORIES

	December 31	
	2023	2022
Finished goods	\$ 3,122,113	\$ 3,119,025
Work in progress	564,772	409,124
Raw materials	1,622,216	1,948,071
Semi-finished goods	223,301	127,068
Inventory in transit	9,388	10,769
Construction in progress	<u>492,248</u>	<u>476,799</u>
	<u>\$ 6,034,038</u>	<u>\$ 6,090,856</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was \$31,905,462 thousand and \$35,140,080 thousand, respectively. The cost of goods sold included inventory write-downs of \$154,412 thousand and \$104,007 thousand, respectively.

### 14. DISCOUNTS AND LOANS

	December 31	
	2023	2022
Short-term secured overdrafts	\$ 2,029,501	\$ 1,758,099
Short-term loans	574,438	675,246
Short-term secured loans	2,651,915	2,718,660
Medium-term loans	2,125,533	1,586,051
Medium-term secured loans	35,386,993	35,147,219
Long-term loans	30,034	23,281
Long-term secured loans	12,671,406	13,662,961
Nonperforming loans	<u>39,335</u>	<u>94,103</u>
	55,509,155	55,665,620
Add: Discount adjustment	(21,642)	(21,526)
Less: Allowance for impairment loss	<u>(628,881)</u>	<u>(664,411)</u>
	<u>\$ 54,858,632</u>	<u>\$ 54,979,683</u>

- The nonperforming loans of Taipei Star Bank in the amounts of \$39,335 thousand and \$94,103 thousand as of December 31, 2023 and 2022, respectively, were no longer generating interest revenue.
- All unpaid credit extensions of Taipei Star Bank have been repaid as of December 31, 2023 and 2022.
- The movements of the loss allowance of loans for the years ended December 31, 2023 and 2022 were as follows:

## In 2023

	12- month ECLs	Lifetime ECLs	Lifetime ECLs (Non- purchased or Originated Credit- impaired Financial Assets)	Impairment Loss Recognized under IFRSs 9	Difference of Impairment Loss Recognized	Total
Balance at January 1, 2023	\$ 41,715	\$ 5,932	\$ 16,699	\$ 64,346	\$ 600,065	\$ 664,411
Changes in financial instruments recognized at the beginning of the current year						
Transferred to						
Lifetime ECLs	(547)	561	-	14	-	14
Credit-impaired financial assets	(11)	(19)	2,564	2,534	-	2,534
12-month ECLs	12	(33)	(389)	(410)	-	(410)
Derecognition of financial assets in the current year	(26,233)	(86)	(8,812)	(35,131)	-	(35,131)
New financial assets purchased or originated	24,087	924	4	25,015	-	25,015
Difference of impairment loss recognized under regulations	-	-	-	-	(21,867)	(21,867)
Write-offs	-	-	(335)	(335)	-	(335)
Recovery of written-off receivables	-	-	-	-	-	-
Change in exchange rates or others	(2,711)	(2,458)	(181)	(5,350)	-	(5,350)
Balance at December 31, 2023	<u>\$ 36,312</u>	<u>\$ 4,821</u>	<u>\$ 9,550</u>	<u>\$ 50,683</u>	<u>\$ 578,198</u>	<u>\$ 628,881</u>

## In 2022

	12- month ECLs	Lifetime ECLs	Lifetime ECLs (Non- purchased or Originated Credit- impaired Financial Assets)	Impairment Loss Recognized under IFRSs 9	Difference of Impairment Loss Recognized	Total
Balance at January 1, 2022	\$ 35,574	\$ 5,636	\$ 15,242	\$ 56,452	\$ 558,851	\$ 615,303
Changes in financial instruments recognized at the beginning of the current year						
Transferred to						
Lifetime ECLs	(42)	160	-	118	-	118
Credit-impaired financial assets	(11)	(8)	4,655	4,636	-	4,636
12-month ECLs	11	(30)	(1,033)	(1,052)	-	(1,052)
Derecognition of financial assets in the current year	(17,284)	(27)	(6,526)	(23,837)	-	(23,837)
New financial assets purchased or originated	29,338	758	4,153	34,249	-	34,249
Difference of impairment loss recognized under regulations	-	-	-	-	41,214	41,214
Write-offs	-	-	-	-	-	-
Recovery of written-off receivables	-	-	-	-	-	-
Change in exchange rates or others	(5,871)	(557)	208	(6,220)	-	(6,220)
Balance at December 31, 2022	<u>\$ 41,715</u>	<u>\$ 5,932</u>	<u>\$ 16,699</u>	<u>\$ 64,346</u>	<u>\$ 600,065</u>	<u>\$ 664,411</u>

## 15. SUBSIDIARIES

### a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31		
			2023	2022	
Shinkong Synthetic Fibers Corporation (SSF)	Pan Asian Plastics Corp. (PAP)	Manufacturing and sale of polyester pellets and polyester preforms	100.00	100.00	
SSF	Hsingshing Investment Co., Ltd. (HSI)	Investment in and construction of business and public housing	100.00	100.00	
SSF	Shinkong Engineering Co., Ltd. (SKE)	Contracting for various projects such as air pollution prevention, piping engineering and machine installation	100.00	100.00	
SSF and PAP	Shinpont Industry Inc. (SPI)	Manufacturing of synthetic fibers, wholesale and retail sale of textiles	50.00	50.00	2)
SSF	Shin Chiun Industrial Co., Ltd. (SEC)	Investment and others	100.00	100.00	
SSF	Maxima Pacific Ltd. (MPL)	Investment	100.00	100.00	
SSF	SSFC Investment Ltd. (SSFC)	Investment	100.00	100.00	
SSF, SKE and SEC	UBright Optronics Corp. (UBO)	Precision chemical materials and mold manufacturing wholesale, etc.	59.64	59.77	2)
SSF	Shinkong Polyester Film Corp., Ltd. (SPF)	Electronic parts and components manufacturing	100.00	100.00	
SSF	Shinkong International Securities Co., Ltd. (SKIS)	Consignment trading of securities and futures	77.73	77.73	
SSF	Pan Asian Plastics Industry Corp.(PAPI)	Precision chemical materials and electronic parts and components manufacturing	100.00	100.00	
SSF and SEC	Tac Bright Optronics Corp. (TBO)	Precision chemical materials - synthetic resin and plastic manufacturing	59.06	59.06	2)
SSF	Taipei Star Bank	Commercial bank	27.07	27.07	2)
SSF	Hsinshin Asset Management Co., Ltd. (HAM)	Housing and building development for sale and rental	100.00	100.00	
SSF	Shin Kong International Leasing Corp. (SKIL)	Leasing	100.00	100.00	
SSF	Shin Kong Technologies Corporation (SKT)	Electronic Information Software Business	100.00	100.00	
SSF and Far Trust	OTOBUY Co., Ltd. (OTOBUY)	Other machinery equipment manufacturing	100.00	100.00	1)
SSF	Shin Kong Applied Materials Co., Ltd. (SKAM)	Other chemical materials manufacturing	73.33	73.33	1)
SSF	Shinkong Fintech Co., Ltd. (SKF)	Information software service	100.00	100.00	
SSF and SKIL	Far Trust International Finance Co., Ltd. (Far Trust)	Overdue receivables management service	51.03	51.03	2)
SSF	Shinkong Youth Co., Ltd. (SKY)	Manufacture and sale of chemical fiber and plastic related products	100.00	100.00	3)
SSF	SHINKONG VIETNAM LLC. (SKV)	Manufacture and sale of chemical fiber and plastic related products	100.00	100.00	4)
SSF	Thai Shinkong Industry Corporation Ltd. (TSI)	Manufacturing and sales of plastic, polyester film, and PET	62.04	62.04	2) 7)
SSF	Chi Teng Construction Co., Ltd. (CTC)	Residence and building development activities and renting and leasing of real estate	100.00	-	1) 8)
SSF	Shinkong Vietnam Enterprise Company Limited (SKVE)	Wholesale Trade	100.00	-	10)
SSFC	Dayspring Ltd. (Dayspring)	Investment	100.00	100.00	
SSFC	Shinkong Applied Materials (Jiangsu) Company Limited (SKJS)	Sale of synthetic materials, fibers and manufacturing of plastic product	100.00	100.00	
TBO	Maxpro Ltd. (MPO)	Investment	100.00	100.00	
MPO	Lofo Holding GmbH (LFHO)	Investment	100.00	100.00	
SSF	Chi Jian Human-Resource & Management Co., Ltd. (CJH)	Human resources management consulting	100.00	100.00	1)
SKIS	Shin Kong Investment Consultant Co., Ltd. (SKIC)	Securities investment consulting	100.00	100.00	
SKIS	Shin Kong Insurance Agent Co., Ltd. (SKIA)	Life insurance agent	100.00	100.00	
SKIS	Shin Kong Property Insurance Agency Co., Ltd. (SKPIA)	Property insurance agent	100.00	100.00	
PAP	Hsin Lung Chemical Co., Ltd. (HLC)	Manufacturing of magnetic tapes for recording and video disks and polyester film	93.80	93.80	
SEC	Intelligent Medical Big Data Co., Ltd. (IMBD)	Consulting, biotechnology research and development services	83.33	83.33	
SKT	Shin Kong Innovations Co., Ltd. (SKIN)	Electronic Information Software Business	66.67	66.67	1)
Far Trust	Far Trust International Leasing Co., Ltd. (Far Trust Leasing)	Overdue receivables management service	100.00	100.00	
Far Trust	Far Trust Car Rental Co., Ltd. (Far Trust Car Rental)	Car Rental	100.00	100.00	

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31		
			2023	2022	
SKIL	Shinkong Power Service Corporation (SKPS)	Solar industry business	85.00	70.00	
SKIL	Jin Liang Power Service Co., Ltd. (JLP)	Solar industry business	89.63	70.00	5)
SKIL	Shinkong Energy Service Corporation (SKES)	Solar industry business	100.00	100.00	6)
SKES	Co-creation Ingenuity Renewable Corp. (CRI)	Solar industry business	100.00	-	9)
UBO	Rise Concept Enterprises Limited (RCE)	Investment	100.00	100.00	
RCE	Suzhou Ubright Optronics (SUBO)	Brightness Enhancement Film Cutting	100.00	100.00	
(Concluded)					

(Concluded)

#### Remarks:

- 1) It is an immaterial subsidiary; its financial statements have not been audited. Management believes there will be no material impact even if the financial statements were to be audited.
- 2) It is a subsidiary that has material non-controlling interests.
- 3) In March 2022, Shinkong Youth Co., Ltd. was established by Shinkong Synthetic Fibers Corporation through issuance of ordinary shares for cash, with a shareholding percentage of 100.00%.
- 4) In March 2022, SHINKONG VIETNAM LLC. was established by Shinkong Synthetic Fibers Corporation through issuance of ordinary shares for cash, with a shareholding percentage of 100.00%.
- 5) In April 2022, Shin Kong International Leasing Crop. acquired the equity shares of Jin Liang Power Service Co., Ltd. in cash with a shareholding percentage of 70%. Refer to Note 36 for information relating to business combinations.
- 6) In December 2022, Shinkong Energy Service Corporation was established by Shin Kong International Leasing Crop. through issuance of ordinary shares for cash, with a shareholding percentage of 100.00%.
- 7) For the purpose of organizational restructuring, Virgin Islands MAXIMA PACIFIC LTD disposed of 62.04% of their interest in Thai Shinkong Industry Corporation Ltd. to Shinkong Synthetic Fibers Corporation in December 2022.
- 8) In June 2023, Shin Kong International Leasing Crop. acquired the equity shares of Co-creation Ingenuity Renewable Corp. in cash with a shareholding percentage of 100.00%. Refer to Note 36 for information relating to business combinations.
- 9) In July 2023, Chi Teng Construction Co., Ltd. was established by Shinkong Synthetic Fibers Corporation through issuance of ordinary shares for cash, with a shareholding percentage of 100.00%.
- 10) In October 2023, Shinkong Vietnam Enterprise Company Limited was established by Shinkong Synthetic Fibers Corporation through issuance of ordinary shares for cash, with a shareholding percentage of 100.00%.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
	December 31	
	2023	2022
Shinpont Industry Inc. (SPI)	50.00%	50.00%
UBright Optronics Corp. (UBO)	40.36%	40.23%
Tac Bright Optronics Corp. (TBO)	40.94%	40.94%
Taipei Star Bank	72.93%	72.93%
Thai Shinkong Industry Corporation Ltd. (TSI)	37.96%	37.96%
Far Trust International Finance Co., Ltd. (Far Trust)	48.97%	48.97%

See Table 6 for information on places of incorporation and principal places of business.

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests		Accumulated Non-controlling Interests	
	For the Year Ended December 31		December 31	
	2023	2022	2023	2022
Tac Bright Optronics Corp. (TBO)	\$ (81,225)	\$ (9,346)	\$ 952,232	\$ 1,033,452
UBright Optronics Corp. (UBO)	136,537	114,127	1,388,076	1,343,712
Shinpont Industry Inc. (SPI)	93,550	123,427	510,572	528,106
Taipei Star Bank	82,513	161,519	4,215,478	4,175,956
Thai Shinkong Industry Corporation Ltd. (TSI)	(88,371)	153,118	1,484,674	1,598,673
Far Trust International Finance Co., Ltd. (Far Trust)	32,166	37,523	624,136	617,643
Others	<u>229,994</u>	<u>216,333</u>	<u>1,318,828</u>	<u>1,298,188</u>
	<u>\$ 405,164</u>	<u>\$ 796,701</u>	<u>\$10,493,996</u>	<u>\$10,595,730</u>

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

TBO and TBO's subsidiaries

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Current assets	\$ 634,863	\$ 721,526
Non-current assets	3,006,101	3,333,434
Current liabilities	(788,278)	(918,894)
Non-current liabilities	(609,894)	(694,886)
Equity	\$ 2,242,792	\$ 2,441,180
Equity attributable to:		
Owners	\$ 1,290,560	\$ 1,407,728
Non-controlling interests	952,232	1,033,452
	\$ 2,242,792	\$ 2,441,180

(Concluded)

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Revenue	\$ 1,174,256	\$ 1,171,236
Loss for the year	\$ (198,401)	\$ (22,829)
Other comprehensive income for the year	13	-
Total comprehensive loss for the year	\$ (198,388)	\$ (22,829)
Loss attributable to:		
Owners	\$ (117,176)	\$ (13,483)
Non-controlling interests	(81,225)	(9,346)
	\$ (198,401)	\$ (22,829)
Total comprehensive loss attributable to:		
Owners	\$ (117,169)	\$ (13,483)
Non-controlling interests	(81,219)	(9,346)
	\$ (198,388)	\$ (22,829)

	For the Year Ended December 31	
	2023	2022
Net cash inflow (outflow) from:		
Operating activities	\$ 368,507	\$ 282,569
Investing activities	(89,278)	(50,886)
Financing activities	(221,859)	(257,454)
Net cash inflow (outflow)	\$ 57,370	\$ (25,771)

UBO and UBO's subsidiaries

	December 31	
	2023	2022
Current assets	\$ 3,464,612	\$ 3,248,578
Non-current assets	884,009	928,289
Current liabilities	(673,943)	(550,423)
Non-current liabilities	(300,505)	(338,530)
Equity	\$ 3,374,173	\$ 3,287,914
Equity attributable to:		
Owners	\$ 1,986,097	\$ 1,944,202
Non-controlling interests	1,388,076	1,343,712
	\$ 3,374,173	\$ 3,287,914

	For the Year Ended December 31	
	2023	2022
Revenue	\$ 2,498,270	\$ 2,292,251
Profit for the year	\$ 339,544	\$ 287,452
Other comprehensive loss for the year	(45,441)	(24,774)
Total comprehensive income for the year	\$ 294,103	\$ 262,678
Profit attributable to:		

	For the Year Ended December 31	
	2023	2022
Owners	\$ 203,007	\$ 173,325
Non-controlling interests	<u>136,537</u>	<u>114,127</u>
	\$ 339,544	\$ 287,452
Total comprehensive income attributable to:		
Owners	\$ 175,898	\$ 158,514
Non-controlling interests	<u>118,205</u>	<u>104,164</u>
	\$ 294,103	\$ 262,678
Net cash (outflow) inflow from:		
Operating activities	\$ 472,358	\$ 510,097
Investing activities	(387,848)	(20,812)
Financing activities	<u>(240,446)</u>	<u>(296,633)</u>
Net cash (outflow) inflow	\$ (155,936)	\$ 192,652

# SPI

	December 31	
	2023	2022
Current assets	\$ 993,947	\$ 917,634
Non-current assets	227,531	276,568
Current liabilities	(154,775)	(66,633)
Non-current liabilities	<u>(45,559)</u>	<u>(71,357)</u>
Equity	\$ 1,021,144	\$ 1,056,212
Equity attributable to:		
Owners	\$ 510,572	\$ 528,106
Non-controlling interests	<u>510,572</u>	<u>528,106</u>
	\$ 1,021,144	\$ 1,056,212

For the Year Ended December 31		
	2023	2022
Revenue	\$ 986,159	\$ 956,729
Profit for the year	\$ 187,100	\$ 246,854
Other comprehensive income for the year	-	-
Total comprehensive income for the year	\$ 187,100	\$ 246,854
Profit attributable to:		
Owners	\$ 93,550	\$ 123,427
Non-controlling interests	93,550	123,427
	\$ 187,100	\$ 246,854
Total comprehensive income attributable to:		
Owners	\$ 93,550	\$ 123,427
Non-controlling interests	93,550	123,427
	\$ 187,100	\$ 246,854
Net cash inflow from:		
Operating activities	\$ 257,837	\$ 517,452
Investing activities	37,128	(102,207)
Financing activities	(194,689)	(335,568)
Net cash inflow	\$ 100,276	\$ 79,677

Taipei Star Bank

December 31		
	2023	2022
Current assets	\$ 87,484,143	\$ 86,510,371
Non-current assets	2,101,114	2,168,806
Current liabilities	(81,929,315)	(80,555,402)
Non-current liabilities	(1,870,358)	(2,392,379)

	December 31	
	2023	2022
Equity	\$ 5,785,584	\$ 5,731,396
Equity attributable to:		
Owners	\$ 1,570,106	\$ 1,555,440
Non-controlling interests	4,215,478	4,175,956
	\$ 5,785,584	\$ 5,731,396

	For the Year Ended December 31	
	2023	2022
Revenue	\$ 1,878,360	\$ 1,570,097
Profit for the year	\$ 113,134	\$ 221,369
Other comprehensive income (loss) for the year	94,932	(52,811)
Total comprehensive income for the year	\$ 208,066	\$ 168,558
Profit attributable to:		
Owners	\$ 30,621	\$ 59,850
Non-controlling interests	82,513	161,519
	\$ 113,134	\$ 221,369
Total comprehensive income attributable to:		
Owners	\$ 56,315	\$ 45,556
Non-controlling interests	151,751	123,002
	\$ 208,066	\$ 168,558
Net cash outflow from:		
Operating activities	\$ 1,680,581	\$(4,699,730)
Investing activities	(1,119,601)	2,767,860
Financing activities	(683,034)	(583,733)

	For the Year Ended December 31	
	2023	2022
Net cash outflow	\$ (122,054)	\$(2,515,603)

TSI

	December 31	
	2023	2022
Current assets	\$ 2,574,622	\$ 1,859,355
Non-current assets	3,978,029	3,527,297
Current liabilities	(1,960,886)	(679,284)
Non-current liabilities	(680,612)	(495,903)
Equity	\$ 3,911,153	\$ 4,211,465
Equity attributable to:		
Owners	\$ 2,426,479	\$ 2,612,792
Non-controlling interests	1,484,674	1,598,673
	\$ 3,911,153	\$ 4,211,465

	For the Year Ended December 31	
	2023	2022
Revenue	\$ 6,906,193	\$ 6,053,774
(Loss) profit for the year	\$ (232,799)	\$ 403,630
Other comprehensive income for the year	-	-
Total comprehensive (loss) income for the year	\$ (232,799)	\$ 403,630
(Loss) profit attributable to:		
Owners	\$ (144,428)	\$ 250,512
Non-controlling interests	(88,371)	153,118
	\$ (232,799)	\$ 403,630

	For the Year Ended December 31	
	2023	2022
Total comprehensive (loss) income attributable to:		
Owners	\$ (144,428)	\$ 250,512
Non-controlling interests	<u>(88,371)</u>	<u>153,118</u>
	\$ (232,799)	\$ 403,630
Net cash outflow from:		
Operating activities	\$ 71,912	\$ (65,207)
Investing activities	(1,383,004)	(603,768)
Financing activities	<u>1,025,327</u>	<u>211,703</u>
Net cash outflow	\$ (285,765)	\$ (457,272)

Far Trust and Far Trust's subsidiaries

	December 31	
	2023	2022
Current assets	\$ 7,945,557	\$ 7,279,414
Non-current assets	4,851,791	4,399,317
Current liabilities	(7,013,605)	(6,697,815)
Non-current liabilities	<u>(4,513,894)</u>	<u>(3,724,326)</u>
Equity	\$ 1,269,849	\$ 1,256,590
Equity attributable to:		
Owners	\$ 645,713	\$ 638,947
Non-controlling interests	<u>624,136</u>	<u>617,643</u>
	\$ 1,269,849	\$ 1,256,590

	For the Year Ended December 31 2023	For July 1 to December 31, 2022
Revenue	\$ 629,971	\$ 580,878
Profit for the year	\$ 65,681	\$ 87,164
Other comprehensive income for the year	-	194
Total comprehensive income for the year	\$ 65,681	\$ 87,358
Profit attributable to:		
Owners	\$ 33,515	\$ 49,641
Non-controlling interests	32,166	37,523
	\$ 65,681	\$ 87,164
Total comprehensive income attributable to:		
Owners	\$ 33,515	\$ 49,740
Non-controlling interests	32,166	37,618
	\$ 65,681	\$ 87,358
Net cash (outflow) inflow from:		
Operating activities	\$(376,428)	\$(475,104)
Investing activities	323,941	(23,371)
Financing activities	(15,002)	554,022
Net cash (outflow) inflow	\$ (67,489)	\$ 55,547

## 16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

### Investments in Associates

Name of Associate	December 31	
	2023	2022
Unlisted companies		
Tai Jin Investment Co., Ltd.	\$ 7,183	\$ 7,056
Tai Shin Leasing & Financial Co., Ltd.	1,708,426	1,165,507
Da Chun Universe Investment Co., Ltd.	4,754	3,878
Topbottle Resources Technology Corporation	17,583	24,476
Ecofun Lab Corporation	8,897	11,474
Shinsol Advanced Chemical Corporation	<u>332,656</u>	<u>224,497</u>
	<u>\$ 2,079,499</u>	<u>\$ 1,436,888</u>

At the end of the reporting period, the proportion of ownership and voting rights in associates held by the Group were as follows:

Name of Associate	December 31	
	2023	2022
Tai Jin Investment Co., Ltd.	48.57%	48.57%
Tai Shin Leasing & Financial Co., Ltd.	30.00%	30.00%
Da Chun Universe Investment Co., Ltd.	45.00%	45.00%
Topbottle Resources Technology Corporation	20.00%	20.00%
Ecofun Lab Corporation (a)	33.33%	33.33%
Shinsol Advanced Chemical Corporation (b)	43.63%	49.00%

Remarks:

- a. In August 2022, Shinkong Synthetic Fibers Corporation subscribed additional new ordinary shares of Ecofun Lab Corporation for \$4,200 thousand with its existing ownership percentage.
- b. In April 2023, Shinkong Synthetic Fibers Corporation subscribed additional new ordinary shares of Shinsol Advanced Chemical Corporation for \$128,588 thousand at a percentage different from its existing ownership percentage, decreasing its continuing interest from 49.00% to 43.63%.

Refer to Table 6 “Information on Investees” for the nature of activities, principal places of business and countries of incorporation of the associates.

Summarized financial information in respect of the Group’s associates is set out below:

	For the Year Ended December 31	
	2023	2022
The Group’s share of:		
Profit for the year	\$ 6,417	\$ 46,741
Other comprehensive gain (loss)	<u>503,368</u>	<u>(411,344)</u>
Total comprehensive income (loss) for the year	<u>\$ 509,785</u>	<u>\$ (364,603)</u>

During 2023 and 2022, the Group's associates disposed of its shares in equity instruments at FVTOCI and the Group's share of unrealized gain of \$481 thousand and \$423 thousand, respectively, was transferred from other equity to retained earnings.

Investments accounted for using the equity method and the share of profit or loss and other comprehensive income of part investments were calculated based on the financial statements which have not been audited. Management believes there will be no material impact on the equity-method accounting or the calculation of the share of profit or loss and other comprehensive income even if the financial statements were to be audited.

## 17. PROPERTY, PLANT AND EQUIPMENT

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Assets used by the Group	\$ 22,222,206	\$ 20,338,906
Assets leased under operating leases	<u>38,338</u>	<u>35,097</u>
	<u><b>\$ 22,260,544</b></u>	<u><b>\$ 20,374,003</b></u>

### a. Assets used by the Group

	Freehold Land	Buildings	Machinery Equipment	Property under Construction	Transportation Equipment	Other Equipment	Office Equipment	Total
<b>Cost</b>								
Balance at January 1, 2023	\$ 7,948,093	\$ 8,253,281	\$ 33,496,824	\$ 994,767	\$ 253,067	\$ 483,922	\$ 267,848	\$ 51,697,802
Acquisition through business combination	-	-	-	141,845	-	-	-	141,845
Additions	112,757	13,690	334,170	2,991,494	7,370	2,540	33,113	3,495,134
Disposals	-	(3,912)	(157,059)	(1,337)	(2,862)	(419)	(1,238)	(166,827)
Effect of foreign currency exchange differences	-	5,367	22,290	3,659	85	783	365	32,549
Reclassified	(341)	2,095,505	1,157,501	(3,281,924)	11,166	7,405	3,203	(7,485)
Balance at December 31, 2023	<u>\$ 8,060,509</u>	<u>\$ 10,363,931</u>	<u>\$ 34,853,726</u>	<u>\$ 848,504</u>	<u>\$ 268,826</u>	<u>\$ 494,231</u>	<u>\$ 303,291</u>	<u>\$ 55,193,018</u>
<b>Accumulated depreciation and impairment</b>								
Balance at January 1, 2023	\$ -	\$ 5,300,364	\$ 25,389,870	\$ -	\$ 182,636	\$ 313,098	\$ 172,928	\$ 31,358,896
Disposals	-	(2,220)	(157,533)	-	(2,127)	(417)	(1,238)	(163,535)
Impairment losses	-	3,295	4,234	-	-	-	-	7,529
Depreciation expenses	-	284,971	1,383,747	-	26,411	23,966	36,996	1,756,091
Effect of foreign currency exchange differences	-	2,687	13,969	-	70	744	259	17,729
Reclassified	-	(4,987)	-	-	-	-	(911)	(5,898)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 5,584,110</u>	<u>\$ 26,634,287</u>	<u>\$ -</u>	<u>\$ 206,990</u>	<u>\$ 337,391</u>	<u>\$ 208,034</u>	<u>\$ 32,970,812</u>
Carrying amounts at December 31, 2023	<u>\$ 8,060,509</u>	<u>\$ 4,779,821</u>	<u>\$ 8,219,439</u>	<u>\$ 848,504</u>	<u>\$ 61,836</u>	<u>\$ 156,840</u>	<u>\$ 95,257</u>	<u>\$ 22,222,206</u>
<b>Cost</b>								
Balance at January 1, 2022	\$ 7,832,664	\$ 8,093,138	\$ 30,813,789	\$ 765,057	\$ 245,841	\$ 446,862	\$ 225,629	\$ 48,422,980
Acquisition through business combination	5,513	-	957,650	43,929	-	-	-	1,007,092
Additions	38,211	15,202	84,142	1,122,644	9,169	3,427	63,956	1,336,751
Disposals	-	(1,692)	(28,419)	-	(8,949)	(740)	(23,308)	(63,108)
Effect of foreign currency exchange differences	-	2,507	64,228	25,919	389	936	968	94,947
Reclassified	71,705	144,126	1,605,434	(962,782)	6,617	33,437	603	899,140
Balance at December 31, 2022	<u>\$ 7,948,093</u>	<u>\$ 8,253,281</u>	<u>\$ 33,496,824</u>	<u>\$ 994,767</u>	<u>\$ 253,067</u>	<u>\$ 483,922</u>	<u>\$ 267,848</u>	<u>\$ 51,697,802</u>
<b>Accumulated depreciation and impairment</b>								
Balance at January 1, 2022	\$ -	\$ 5,143,932	\$ 24,047,074	\$ -	\$ 162,180	\$ 291,729	\$ 172,324	\$ 29,817,239
Acquisition through business combination	-	-	95,622	-	-	-	-	95,622
Disposals	-	(1,692)	(25,354)	-	(5,557)	(740)	(21,868)	(55,211)
Impairment gains	-	(52,330)	-	-	-	-	-	(52,330)
Depreciation expenses	-	209,475	1,272,137	-	25,913	21,819	22,456	1,551,800
Effect of foreign currency exchange differences	-	979	391	-	100	290	16	1,776
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 5,300,364</u>	<u>\$ 25,389,870</u>	<u>\$ -</u>	<u>\$ 182,636</u>	<u>\$ 313,098</u>	<u>\$ 172,928</u>	<u>\$ 31,358,896</u>
Carrying amounts at December 31, 2022	<u>\$ 7,948,093</u>	<u>\$ 2,952,917</u>	<u>\$ 8,106,954</u>	<u>\$ 994,767</u>	<u>\$ 70,431</u>	<u>\$ 170,824</u>	<u>\$ 94,920</u>	<u>\$ 20,338,906</u>

- 1) The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	3-55 years
Machinery equipment	2-20 years
Transportation equipment	2-7 years
Office equipment	3-18 years
Other equipment	3-15 years

2) Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 41.

3) The Group carried out a review of the recoverable amount of that related equipment and determined that the carrying amount exceeded the recoverable amount, and the future expected recoverable amount of buildings has been reassessed to be above the carrying value. The review led to the recognition of an impairment reversal of \$52,330 thousand for the years ended December 31, 2022. The Group determined the recoverable amount of the relevant assets on the basis of their value in use. The discount rates used in measuring the value in use were 2.62%.

b. Assets leased under operating leases

	<b>Transportation Equipment</b>
<u>Cost</u>	
Balance at January 1, 2023	\$ 67,700
Additions	34,867
Disposals	<u>(28,496)</u>
Balance at December 31, 2023	<u>\$ 74,071</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2023	\$ 32,603
Disposals	(12,757)
Depreciation expenses	<u>15,887</u>
Balance at December 31, 2023	<u>\$ 35,733</u>
Carrying amounts at December 31, 2023	<u>\$ 38,338</u>
<u>Cost</u>	
Balance at January 1, 2022	\$ 48,701
Additions	27,467
Disposals	<u>(8,468)</u>
Balance at December 31, 2022	<u>\$ 67,700</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2022	\$ 26,167

	<b>Transportation Equipment</b>
Disposals	(5,835)
Depreciation expenses	<u>12,271</u>
Balance at December 31, 2022	<u>\$ 32,603</u>
Carrying amounts at December 31, 2022	<u>\$ 35,097</u>

- 1) Operating leases relate to leases of transportation equipment with lease terms between 1 and 3 years. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.
- 2) The above items of property, plant and equipment leased under operating leases are depreciated on a straight-line basis over their estimated useful lives as follows:

Transportation equipment	1-8 years
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## 18. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Carrying amounts</u>		
Land	\$ 3,024,896	\$ 3,123,908
Buildings	406,233	445,343
Machinery	128,734	107,332
Transportation equipment	1,921	948
Office equipment	<u>6,832</u>	<u>8,138</u>
	<u>\$ 3,568,616</u>	<u>\$ 3,685,669</u>
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Additions to right-of-use assets		
Additions	\$ 106,085	\$ 1,239,840
Acquisition through business combination	<u>44</u>	<u>105,695</u>
	<u>\$ 106,129</u>	<u>\$ 1,345,535</u>
Depreciation charge for right-of-use assets		
Land	\$ 97,447	\$ 89,614
Buildings	81,237	71,300
Machinery	10,831	8,767
Transportation equipment	596	564

		For the Year Ended December 31	
		2023	2022
Office equipment		3,146	2,800
		<u>\$ 193,257</u>	<u>\$ 173,045</u>
b. Lease liabilities			
		December 31	
		2023	2022
<u>Carrying amounts</u>			
Current		<u>\$ 434,592</u>	<u>\$ 417,230</u>
Non-current		<u>\$ 1,762,042</u>	<u>\$ 1,843,092</u>
Range of discount rates for lease liabilities was as follows:			
		December 31	
		2023	2022
Land		0.70%-2.80%	0.70%-2.80%
Buildings		0.70%-2.80%	0.70%-2.80%
Machinery		0.70%-2.80%	0.70%-2.80%
Transportation equipment		0.70%-4.00%	0.70%-2.80%
Office equipment		0.70%-2.80%	0.70%-2.80%

c. Material lease activities and terms (the Group is lessee)

The Group leases certain machinery and equipment for the use of operating activities with lease terms of 2 to 6 years.

The Group also leases land and buildings for the use of plants and offices with lease terms of 2 to 70 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

In the first quarter of 2014, the Group signed the contract of setting national non-public use land superficieses with the Northern Region Branch, National Property Administration, MOF and obtained the superficieses and also paid the royalty of \$1,234,568 thousand. The duration of the superficieses is 70 years, and during this time, the Group could construct buildings on the land under the terms of the contract.

The Group leased industrial land from the Industrial Development Bureau of the Ministry of Economic Affairs on May 10, 2007, measuring 52,033 square meters in total. The rental amount is calculated on the basis of the annual rental ratio of the market price of each square meter at the time the Group contracted with the local government, adjusted for any changes in the announced land values and share of the construction cost of public facilities associated with the leased land.

In 2022, the Group signed a contract with the Department of Economic Development, Taoyuan for the development of the Youth Entrepreneurship Village and Intelligent Manufacturing Park, and obtained the superficies and also paid the royalty of \$950,000 thousand. The duration of the superficies is 50 years, and during this time, the Group could construct buildings on the land under the terms of the contract.

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases	\$ 48,217	\$ 75,638
Expenses relating to low-value asset leases	\$ 7,863	\$ 3,377
Total cash outflow for leases	<u>\$(256,188)</u>	<u>\$(636,494)</u>

The Group's leases of certain assets qualify as short-term leases and low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

## 19. INVESTMENT PROPERTIES

	<b>Completed Investment Properties</b>
<u>Cost</u>	
Balance at January 1, 2023	<u>\$ 2,630,430</u>
Balance at December 31, 2023	<u>\$ 2,630,430</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2023	\$ (239,632)
Depreciation expenses	<u>(21,847)</u>
Balance at December 31, 2023	<u>\$ (261,479)</u>
Carrying amounts at December 31, 2023	<u>\$ 2,368,951</u>
<u>Cost</u>	
Balance at January 1, 2022	\$ 2,625,871
Additions	<u>4,559</u>
Balance at December 31, 2022	<u>\$ 2,630,430</u>
<u>Accumulated depreciation and impairment</u>	

	<b>Completed Investment Properties</b>
Balance at January 1, 2022	\$ (217,796)
Depreciation expenses	<u>(21,836)</u>
Balance at December 31, 2022	<u>\$ (239,632)</u>
Carrying amounts at December 31, 2022	<u>\$ 2,390,798</u> (Concluded)

Investment properties are depreciated using the straight-line method over their estimated useful lives of 30 to 50 years.

The fair value of the Group's investment properties as of December 31, 2023 and 2022 was \$3,445,941 thousand and \$3,215,800 thousand, respectively. Management of the Company used the valuation model that market participants would use in determining the fair value. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

All of the Group's investment property was held under freehold interests. The investment properties pledged as collateral for bank borrowings are set out in Note 41.

## 20. GOODWILL

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Cost</u>		
Balance at January 1	\$ 280,204	\$ 279,285
Effect of foreign currency exchange differences	<u>-</u>	<u>919</u>
Balance at December 31	<u>\$ 280,204</u>	<u>\$ 280,204</u>

The Group did not recognize any impairment loss on goodwill for the years ended December 31, 2023 and 2022.

## 21. OTHER INTANGIBLE ASSETS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Intangible assets</u>		
Balance at January 1	\$ 151,686	\$ 14,607
Additions	8,662	6,001
Acquisitions through business combination	-	140,182
Amortization expenses	(14,803)	(9,171)
Effect of foreign currency exchange differences	<u>(203)</u>	<u>67</u>
Balance at December 31	<u>\$ 145,342</u>	<u>\$ 151,686</u>

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Corporate renewable power purchase agreements	20 years
Other intangible assets	1-10 years

## 22. OPERATING DEPOSITS AND SETTLEMENT FUNDS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Operating deposits	\$ 226,500	\$ 226,500
Settlement funds	<u>83,121</u>	<u>84,336</u>
	<u>\$ 309,621</u>	<u>\$ 310,836</u>

### a. Operating deposits

As stipulated in the Rules Governing Securities Firms, underwriters, dealers, and brokers should provide \$40 million, \$10 million and \$50 million, respectively, in the form of cash, government bonds, and/or bank notes as operating deposits to be placed in designated banks. For each additional branch, the Company should place \$5 million in designated banks.

As stipulated in the Regulations Governing Margin Purchase and Short Sale of Securities by Securities Firms, securities firms should have operating deposits of \$50 million.

As stipulated in the Rules Governing Futures Commission Merchants, futures dealers should have operating deposits of \$25 million for registration purposes and \$5 million for each of its branches.

- b. SKIA and SKPIA both placed guarantee deposit of \$1.5 million calculated by the sales revenue in the prior fiscal year as stipulated in the Regulation Governing Deposit of Bond for Acquisition of Insurance by Insurance Agents, Insurance Brokers and Insurance Surveyors.
- c. SKIC has deposited \$5 million as the operating deposit for establishment according to the ROC securities and investing trust association and investment consulting operating deposit regulations.

d. Settlement funds

As stipulated in the Rules Governing Securities Firms, all brokers should place \$15 million as settlement funds with the Taiwan Stock Exchange before starting trading transactions in the first year of trading and contribute a certain percentage of the transaction amounts to the fund within 10 days after the end of each quarter. In the second year, the settlement funds need to reach only \$3.5 million including the previous year's contribution. If the funds accumulated until the previous year are more or less than \$3.5 million, the brokers can claim a refund from the Taiwan Stock Exchange or submit the shortage, respectively, at the end of January each year.

Securities firms are required to deposit \$3 million as settlement fund to the Taiwan Stock Exchange before each additional branch starts trading operations, and this deposit will be reduced to \$0.5 million from the second year.

As stipulated in the Taipei Exchange Rules for Administration of the Joint Responsibility System Clearing and Settlement Fund, securities brokers will need to deposit to the settlement fund \$1.5 million for main institution, and an extra \$0.25 million for every new branch established, and an extra \$2 million for dealers of securities listed in exchange institution. In addition, the Taipei Exchange will calculate an amount using the total buy and sell dollar value for the last year multiplied by a fixed percentage for the securities brokers to deposit or withdraw the settlement fund every year.

As stipulated in the Taiwan Futures Exchange Corporation Criteria for clearing membership, before carrying out clearing and settlement operations, the clearing member shall make a deposit to the clearing and settlement fund equal to 20% of its paid-in capital or designated operating funds.

As of December 31, 2023 and 2022, SKIC had deposited \$83,121 thousand and \$84,336 thousand as settlement fund, respectively.

## 23. OTHER ASSETS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Current</u>		
Right to recover a product	\$ 27,679	\$ 29,054
Loans receivable from the securities department	6,510,121	4,665,552
Underwriting shares to collect from the securities department	17,088	396,399
Others	<u>573,235</u>	<u>549,805</u>
	<u>\$ 7,128,123</u>	<u>\$ 5,640,810</u>

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Refundable deposits	\$ 175,547	\$ 267,614
Overdue receivables	63,488	64,688
Loss allowance for overdue receivables	(63,488)	(64,688)
Long-term receivables	9,571,003	7,432,185
Loss allowance for long-term receivables	(352,760)	(320,847)
Prepayments for equipment	162,629	1,473,360
Others	<u>25,996</u>	<u>20,147</u>
	<u>\$ 9,582,415</u>	<u>\$ 8,872,459</u>

## 24. BORROWINGS

### a. Short-term borrowings

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Secured borrowings</u>		
Bank loans	\$ 422,000	\$ 260,000
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>9,509,914</u>	<u>7,597,645</u>
	<u>\$ 9,931,914</u>	<u>\$ 7,857,645</u>

The range of weighted average effective interest rate on bank loans was 1.45%-3.86% and 0.98%-2.98% per annum as of December 31, 2023 and 2022, respectively.

### b. Short-term bills payable

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Commercial paper	\$ 12,135,000	\$ 6,540,000
Less: Unamortized discount on bills payable	<u>(12,981)</u>	<u>(8,423)</u>
	<u>\$ 12,122,019</u>	<u>\$ 6,531,577</u>

Outstanding short-term bills payable were as follows:

December 31, 2023

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate Range	Collateral
Ta Ching Bills Finance Corporation (1)	\$ 300,000	\$ 255	\$ 299,745	1.34%-2.74%	None
Ta Ching Bills Finance Corporation (2)	80,000	285	79,715	1.34%-2.74%	Marketable securities
China Bills Finance Corporation (1)	600,000	213	599,787	1.34%-2.74%	None
China Bills Finance Corporation (2)	130,000	379	129,621	1.34%-2.74%	Pledged certificates of deposit
Taiwan Finance Corporation (1)	280,000	79	279,921	1.34%-2.74%	None
Taiwan Finance Corporation (2)	50,000	129	49,871	1.34%-2.74%	Pledged certificates of deposit
Mega Bills Finance Corporation (1)	2,150,000	1,323	2,148,677	1.34%-2.74%	None
Mega Bills Finance Corporation (2)	100,000	359	99,641	1.34%-2.74%	Marketable securities
Taiwan Cooperative Bills Finance Corporation (1)	900,000	944	899,056	1.34%-2.74%	None
Taiwan Cooperative Bills Finance Corporation (2)	100,000	263	99,737	1.34%-2.74%	Marketable securities
International Bills Finance Corporation (1)	200,000	166	199,834	1.34%-2.74%	None
International Bills Finance Corporation (2)	\$ 70,000	\$ 55	\$ 69,945	1.34%-2.74%	Pledged certificates of deposit
Grand Bills Finance Corporation	765,000	560	764,440	1.34%-2.74%	None
Dah Chung Bills Finance Corporation	130,000	399	129,601	1.34%-2.74%	Pledged certificates of deposit
ChinaTrust Commercial Bank	100,000	104	99,896	1.34%-2.74%	None
Sunny Bank	500,000	350	499,650	1.34%-2.74%	None
Yuanta Commercial Bank	220,000	28	219,972	1.34%-2.74%	None
First Bank	200,000	689	199,311	1.34%-2.74%	None
Bank SinoPac	200,000	67	199,933	1.34%-2.74%	None
Mega Bank (Syndicated Loan)	2,980,000	3,808	2,976,192	1.34%-2.74%	None
Hua Nan Bank (Syndicated Loan)	780,000	1,090	778,910	1.34%-2.74%	None
KGI Bank (1)	1,100,000	1,097	1,098,903	1.34%-2.74%	None
KGI Bank (2)	<u>200,000</u>	<u>339</u>	<u>199,661</u>	1.34%-2.74%	5% reserve for savings deposits
	<u>\$ 12,135,000</u>	<u>\$ 12,981</u>	<u>\$ 12,122,019</u>		

(Concluded)

December 31, 2022

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate Range	Collateral
Ta Ching Bills Finance Corporation (1)	\$ 200,000	\$ 311	\$ 199,689	0.30%-2.62%	None
Ta Ching Bills Finance Corporation (2)	80,000	300	79,700	0.30%-2.62%	Pledged certificates of deposit
China Bills Finance Corporation (1)	1,550,000	1,399	1,548,601	0.30%-2.62%	None
China Bills Finance Corporation (2)	100,000	350	99,650	0.30%-2.62%	Pledged certificates of deposit
Taiwan Finance Corporation (1)	180,000	151	179,849	0.30%-2.62%	None
Taiwan Finance Corporation (2)	50,000	160	49,840	0.30%-2.62%	Pledged certificates of deposit
Mega Bills Finance Corporation (1)	600,000	509	599,491	0.30%-2.62%	None
Mega Bills Finance Corporation (2)	100,000	222	99,778	0.30%-2.62%	Pledged certificates of deposit
Taiwan Cooperative Bills Finance Corporation (1)	300,000	102	299,898	0.30%-2.62%	None
Taiwan Cooperative Bills Finance Corporation (2)	100,000	295	99,705	0.30%-2.62%	Bills issued under redemption agreements
International Bills Finance Corporation	800,000	2,730	797,270	0.30%-2.62%	None
Grand Bills Finance Corporation	930,000	687	929,313	0.30%-2.62%	None
Dah Chung Bills Finance Corporation	100,000	364	99,636	0.30%-2.62%	Pledged certificates of deposit
Sunny Bank	800,000	359	799,641	0.30%-2.62%	None
Union Bank	550,000	365	549,635	0.30%-2.62%	None
ChinaTrust Commercial Bank	100,000	119	99,881	0.30%-2.62%	None
	<u>\$ 6,540,000</u>	<u>\$ 8,423</u>	<u>\$ 6,531,577</u>		

c. Long-term borrowings

	<u>December 31</u>	
	2023	2022
Taiwan Bank (1)	\$ 1,800,000	\$ 2,400,000
Taiwan Bank (2)	150,000	150,000
Hua Nan Bank (1)	350,000	350,000
Hua Nan Bank (2)	140,000	220,000
Hua Nan Bank (3)	48,067	75,533
Hua Nan Bank (4)	-	460,000
Hua Nan Bank (Syndicated Loan) (1)	720,000	530,000
Hua Nan Bank (Syndicated Loan) (2)	600,000	-
Taiwan Business Bank (1)	350,000	350,000
Bank SinoPac (1)	690,460	285,362
Bank SinoPac (2)	-	61,567
Bank SinoPac (3)	783,750	53,500
Bank SinoPac (4)	-	32,300
Bank SinoPac (5)	-	50,000
Bank SinoPac (6)	500,000	-
Bank SinoPac (7)	100,000	-

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Bank of East Asia	300,000	100,000
Cathay United Bank (1)	350,000	150,000
Cathay United Bank (2)	-	602,286
E.Sun Bank	37,855	52,444
Mega Bank (1)	1,627,400	1,623,900
Mega Bank (2)	500,000	-
Mega Bank (3)	31,229	-
Mega Bank (4)	142,676	-
Mega Bank (Syndicated Loan) (1)	1,130,000	400,000
Mega Bank (Syndicated Loan) (2)	-	635,400
Far Eastern International Bank (1)	250,000	-
Far Eastern International Bank (2)	150,000	150,000
Far Eastern International Bank (3)	2,208,805	2,176,221
Far Eastern International Bank (4)	2,120,592	2,169,574
First Bank (Syndicated Loan)	-	1,200,000
Bank of Panhsin (1)	103,200	103,200
Bank of Panhsin (2)	305,000	383,000
Taiwan Cooperative Bank	92,000	100,000
MUFG Bank	-	300,000
Union Bank	81,120	107,260
Yuanta Commercial Bank	500,000	300,000
Mizuho Bank	200,000	450,000
Mega International Commercial Bank (1)	233,111	196,702
Mega International Commercial Bank (2)	254,528	-
Ta Ching Bills Finance Corporation	1,000,000	-
Union Bills Finance Corporation	500,000	-
Mega Bills Finance Corporation	500,000	-
China Bills Finance Corporation	1,500,000	-
	<u>20,349,793</u>	<u>16,218,249</u>
Less: Current portion	(5,208,641)	(5,828,663)
Less: Unamortized discounts on commercial papers	<u>(12,384)</u>	<u>(6,527)</u>
Long-term borrowings	<u>\$ 15,128,768</u>	<u>\$ 10,383,059</u>

As of December 31, 2023 and 2022, the range of weighted average effective interest rate of the bank borrowings was 1.20%-4.22% and 1.075%-3.24% per annum, respectively.

Refer to Note 41 for information relating to assets pledged to secure bank borrowings.

## 25. FINANCIAL DEBENTURES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Secondary financial debentures (1)	\$ 1,320,000	\$ 1,820,000
Secured domestic bonds (2)	5,000,000	5,000,000
Less: Current portion	<u>(500,000)</u>	<u>(500,000)</u>
	<u>\$ 5,820,000</u>	<u>\$ 6,320,000</u>

## Secondary Financial Debentures

Taipei Star Bank issued their first primary financial debenture on June 24, 2016, which was approved under ruling reference No. 10500122720 issued by the Banking Bureau of the FSC on May 24, 2016. Details of the financial debenture issuance are summarized as follows:

- a. Total approved principal: \$500,000 thousand.
- b. Principal issued: \$500,000 thousand.
- c. Denomination: \$10,000 thousand, issued at par.
- d. Period: 7 years with maturity date on June 24, 2023.
- e. Nominal interest rate: Fixed interest rate, 1.9%.
- f. Repayment: The financial debenture will be paid on the maturity date.
- g. The interest will be paid annually from the issuance date.

Taipei Star Bank issued their first, second, third and fourth financial debentures on June 19, June 30, August 18, September 29, 2017, respectively, which were approved under ruling reference No. 10600104680 issued by the Banking Bureau of the FSC on May 11, 2017. Details of the financial debenture issuance are summarized as follows:

- a. Total approved principal: \$500,000 thousand.
- b. Principal issued:
  - 1) 2017 first term: \$200,000 thousand.
  - 2) 2017 second term: \$100,000 thousand.
  - 3) 2017 third term: \$100,000 thousand.
  - 4) 2017 fourth term: \$100,000 thousand.
- c. Denomination:
  - 1) 2017 first term: \$10,000 thousand, issued at par.
  - 2) 2017 second term: \$10,000 thousand, issued at par.
  - 3) 2017 third term: \$10,000 thousand, issued at par.
  - 4) 2017 fourth term: \$10,000 thousand, issued at par.
- d. Period:
  - 1) 2017 first term: 7 years with maturity date on June 19, 2024.
  - 2) 2017 second term: 7 years with maturity date on June 30, 2024.
  - 3) 2017 third term: 7 years with maturity date on August 18, 2024.
  - 4) 2017 fourth term: 7 years with maturity date on September 29, 2024.
- e. Nominal interest rate:

- 1) 2017 first term: Fixed interest rate, 1.90%.
- 2) 2017 second term: Fixed interest rate, 1.85%.
- 3) 2017 third term: Fixed interest rate, 1.85%.
- 4) 2017 fourth term: Fixed interest rate, 1.85%.

f. Repayment: The financial debenture will be paid on the maturity date.

g. The interest will be paid annually from the issuance date.

Taipei Star Bank made its first and second issues of financial debentures with no maturity dates on September 17 and December 24, 2018, January 25, April 25 and June 17, 2019, respectively, which were approved under ruling reference No. 10701122210 issued by the Banking Bureau of the FSC on July 30, 2018. Details of the financial debenture issuance are summarized as follows:

a. Total approved principal: \$600,000 thousand.

b. Principal issued:

- 1) 2018 first term: \$200,000 thousand.
- 2) 2018 second term: \$130,000 thousand.
- 3) 2019 first term: \$40,000 thousand.
- 4) 2019 second term: \$20,000 thousand.
- 5) 2019 third term: \$210,000 thousand.

c. Denomination:

- 1) 2018 first term: \$10,000 thousand, issued at par.
- 2) 2018 second term: \$10,000 thousand, issued at par.
- 3) 2019 first term: \$10,000 thousand, issued at par.
- 4) 2019 second term: \$10,000 thousand, issued at par.
- 5) 2019 third term: \$10,000 thousand, issued at par.

d. Period:

- 1) 2018 first term: No maturity date.
- 2) 2018 second term: No maturity date.
- 3) 2019 first term: No maturity date.
- 4) 2019 second term: No maturity date.
- 5) 2019 third term: No maturity date.

e. Nominal interest rate:

- 1) 2018 first term: Fixed interest rate, 4.00%.
- 2) 2018 second term: Fixed interest rate, 4.00%.
- 3) 2019 first term: Fixed interest rate, 4.00%.
- 4) 2019 second term: Fixed interest rate, 4.00%.
- 5) 2019 third term: Fixed interest rate, 4.00%.

f. Repayment: The financial debenture can be redeemed after 5 years from the issuance date.

g. The interest will be paid annually from the issuance date.

Taipei Star Bank made its first issues of financial debentures with no maturity dates on November 1, 2021, respectively, which were approved under ruling reference No. 1100214232 issued by the Banking Bureau of the FSC on June 21, 2021. Details of the financial debenture issuance are summarized as follows:

- a. Total approved principal: \$600,000 thousand.
- b. Principal issued: \$220,000 thousand.
- c. Denomination: \$10,000 thousand, issued at par.
- d. Period: No maturity date.
- e. Nominal interest rate: Fixed interest rate, 2.50%.
- f. Repayment: The financial debenture can be redeemed after 5 years from the issuance date.
- g. The interest will be paid annually from the issuance date.

#### **Secured Domestic Bonds**

The Company issued its first secured domestic bonds on November 19, 2020, which were approved under ruling reference No. 10900126701 issued by the Taipei Exchange on November 10, 2020. Details of the secured domestic bonds issuance are summarized as follows:

- a. Total approved principal: \$1,500,000 thousand.
- b. Principal issued: \$1,500,000 thousand.
- c. Denomination: \$1,000 thousand, issued at par.
- d. Period: 5 years with maturity date on November 19, 2025.
- e. Nominal interest rate: Fixed interest rate of 0.58%.
- f. Repayment: The secured domestic bonds will be paid on the maturity date.
- g. The interest will be paid annually from the issuance date.
- h. Secured: Secured by bank.

The Company issued its second secured domestic bonds on January 14, 2021, which were approved under ruling reference No. 10900149071 issued by the Taipei Exchange on January 5, 2021. Details of the secured domestic bonds issuance are summarized as follows:

- a. Total approved principal: \$1,500,000 thousand.
- b. Principal issued: \$1,500,000 thousand.
- c. Denomination: \$1,000 thousand, issued at par.

- d. Period: 5 years with maturity date on January 14, 2026.
- e. Nominal interest rate: Fixed interest rate of 0.56%.
- f. Repayment: The secured domestic bonds will be paid on the maturity date.
- g. The interest will be paid annually from the issuance date.
- h. Secured: Secured by bank.

The Company issued its first secured domestic bonds on October 28, 2021, which were approved under ruling reference No. 11000117541 issued by the Taipei Exchange on October 20, 2021. Details of the secured domestic bonds issuance are summarized as follows:

- a. Total approved principal: \$2,000,000 thousand.
- b. Principal issued: \$2,000,000 thousand.
- c. Denomination: \$1,000 thousand, issued at par.
- d. Period: 5 years with maturity date on October 28, 2026.
- e. Nominal interest rate: Fixed interest rate of 0.54%.
- f. Repayment: The secured domestic bonds will be paid on the maturity date.
- g. The interest will be paid annually from the issuance date.
- h. Secured: Secured by bank.

## 26. NOTES PAYABLE AND TRADE PAYABLES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Notes payable</u>		
Operating	<u>\$ 216,626</u>	<u>\$ 164,355</u>
<u>Trade payables</u>		
Operating	<u>\$ 7,290,727</u>	<u>\$ 5,068,235</u>

## 27. DEPOSITS AND REMITTANCES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Checking accounts	\$ 757,581	\$ 720,695
Demand deposits	8,857,462	8,553,745
Demand savings deposits	18,860,825	19,267,361
Time deposits	20,843,242	21,382,857
Time savings deposits	23,354,725	20,548,855
Negotiable certificates of deposit	881,000	677,200
Remittances	<u>3,638</u>	<u>1,162</u>
	<u>\$ 73,558,473</u>	<u>\$ 71,151,875</u>

## 28. OTHER LIABILITIES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Current</u>		
Other payables		
Payables for purchase of equipment	\$ 222,450	\$ 94,302
Notes payable for exchange	284,382	227,915
Payables for salaries or bonuses	1,035,153	1,240,037
Provisions for loss on lawsuit	66,589	66,589
Others	<u>1,071,934</u>	<u>1,061,632</u>
	<u>\$ 2,680,508</u>	<u>\$ 2,690,475</u>
Other liabilities		
Refund liabilities	\$ 252,145	\$ 290,830
Advance receipts	237,412	311,316
Underwriting to collect from the securities department	16,934	396,384
Others	<u>189,344</u>	<u>186,945</u>
	<u>\$ 695,835</u>	<u>\$ 1,185,475</u>
<u>Non-current</u>		
Other liabilities		
Guarantee deposits received	\$ 233,225	\$ 254,554
Long-term payables	106,821	134,680
Others	<u>20,580</u>	<u>40,623</u>
	<u>\$ 360,626</u>	<u>\$ 429,857</u>

## 29. PROVISIONS

	December 31	
	2023	2022
<u>Non-current</u>		
Employee retirement benefits (a)	\$ 139,864	\$ 248,805
Other employee benefits (b)	629	621
Other	<u>21,750</u>	<u>2,295</u>
	<u>\$ 162,243</u>	<u>\$ 251,721</u>

- a. Refer to Note 30 for information related to employee retirement benefits.
- b. Other employee benefits refer to the preferential benefit deposit interest of retired employees.

## 30. RETIREMENT BENEFIT PLANS

- a. Defined contribution plans

The Company and HAM, SKIS, SKIC, SKIA, SKPIA, Taipei Star Bank, UBO, SPF, PAPI, TBO, SPI, CJH, IMBD, HIS, SKT, SKIN, SKIL, OTObUY, Far Trust, Far Trust Leasing, Far Trust Rental, SKF, SKPS and JLP of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in mainland China (SKJS and SUBO) are members of a state-managed retirement benefit plan operated by the government of mainland China. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

- b. Defined benefit plans

The defined benefit plan adopted by the Company and SKE, Taipei Star Bank, UBO, PAPI, CJH and Far Trust of the Group in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. Except The Company contributes amounts equal to 9% of total monthly salaries and wages to a pension fund. SKE, Taipei Star Bank, UBO, PAP, PAPI, CJH and Far Trust contribute an amount equal to 6% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Present value of defined benefit obligation	\$ 1,100,817	\$ 1,214,771
Fair value of plan assets	<u>(960,953)</u>	<u>(965,966)</u>
Net defined benefit liabilities (assets)	<u>\$ 139,864</u>	<u>\$ 248,805</u>

Movements in net defined benefit liabilities (assets) were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance at January 1, 2022	<u>\$ 1,276,595</u>	<u>\$ (788,255)</u>	<u>\$ 488,340</u>
Service cost			
Current service cost	8,273	-	8,273
Net interest expense (income)	<u>11,683</u>	<u>(7,376)</u>	<u>4,307</u>
Recognized in profit or loss	<u>19,956</u>	<u>(7,376)</u>	<u>12,580</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(47,794)	(47,794)
Actuarial (gain) loss			
Changes in financial assumptions	26,881	(9,378)	17,503
Experience adjustments	<u>19,714</u>	<u>(192)</u>	<u>19,522</u>
Recognized in other comprehensive income	<u>46,595</u>	<u>(57,364)</u>	<u>(10,769)</u>
Contributions from the employer	-	(210,288)	(210,288)
Benefits paid	(128,196)	95,594	(32,602)
Liabilities extinguished on settlement	(1,723)	1,723	-
Exchange differences on foreign plans	<u>1,544</u>	<u>-</u>	<u>1,544</u>
Balance at December 31, 2022	<u>1,214,771</u>	<u>(965,966)</u>	<u>248,805</u>
Service cost			
Current service cost	6,992	-	6,992
Net interest expense (income)	<u>17,060</u>	<u>(13,518)</u>	<u>3,542</u>
Recognized in profit or loss	<u>24,052</u>	<u>(13,518)</u>	<u>10,534</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(5,408)	(5,408)
Actuarial (gain) loss			
Changes in demographic assumptions	-	(586)	(586)
Changes in financial assumptions	(26,702)	(552)	(27,254)
Experience adjustments	<u>3,556</u>	<u>-</u>	<u>3,556</u>
Recognized in other comprehensive income	<u>(23,146)</u>	<u>(6,546)</u>	<u>(29,692)</u>
Contributions from the employer	-	(59,366)	(59,366)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Benefits paid	(115,058)	84,443	(30,615)
Exchange differences on foreign plans	<u>198</u>	<u>-</u>	<u>198</u>
Balance at December 31, 2023	<u>\$ 1,100,817</u>	<u>\$ (960,953)</u>	<u>\$ 139,864</u>

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate(s)	1.249%-1.444 %	1.375%-1.688 %
Expected rate(s) of salary increase	0.75%-2.00%	0.75%-1.75%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate(s)		
0.25% increase	<u>\$(22,413)</u>	<u>\$(26,167)</u>
0.25% decrease	<u>\$ 23,128</u>	<u>\$ 27,036</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 22,851</u>	<u>\$ 26,642</u>
0.25% decrease	<u>\$(22,255)</u>	<u>\$(25,914)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Expected contributions to the plan for the next year	<u>\$ 54,325</u>	<u>\$ 50,402</u>
Average duration of the defined benefit obligation	7.08-24.75 years	7.91-9.9 years
c. MPL, SSFC, Dayspring, MPO and LFHO do not have pension plans, as pension plans are not mandatory under the local government legislations.		
d. HLC, SEC, SKAM, PAP, SKES, SKY, CTC, CRI, RCE, SKV and SKVE have no full-time employees, and their investment activities are carried out by SSF; therefore, they have no pension plans.		
e. TSI's pension plan is a defined benefit plan. Pension benefits are calculated on the basis of the length of service and average salaries before retirement. TSI recognized \$892 thousand and \$659 thousand as pension expense for the years ended December 31, 2023 and 2022, and its pension liabilities amounted to \$23,755 thousand and \$22,139 thousand on December 31, 2023 and 2022, respectively.		

### 31. EQUITY

#### a. Share capital

##### Ordinary shares

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Number of shares authorized (in thousands)	<u>2,800,000</u>	<u>2,800,000</u>
Shares authorized	<u>\$ 28,000,000</u>	<u>\$ 28,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>1,618,409</u>	<u>1,618,409</u>
Shares issued	<u>\$ 16,184,093</u>	<u>\$ 16,184,093</u>

Fully paid ordinary shares, which have a par value of NT\$10, carry one vote per share and carry a right to dividends.

#### b. Capital surplus

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
May be used to offset a deficit distributed as <u>cash dividends, or transferred to share capital (1)</u>		

Issuance of ordinary shares	\$ 272,247	\$ 272,247
Conversion of bonds	163,223	163,223
Treasury share transactions	275,547	275,547
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	<u>453,739</u>	<u>435,415</u>
	1,164,756	1,146,432
<u>May be used to offset deficit only</u>		
Changes in percentage of ownership interest in subsidiaries (2)	796,357	803,880
Share of changes in capital surplus of associates	<u>1,988</u>	<u>-</u>
	<u>798,345</u>	<u>803,880</u>
	<u>\$ 1,963,101</u>	<u>\$ 1,950,312</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Company's Articles of Incorporation (the "Articles"), where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be for distribution of dividends to shareholders of preference shares first, and then for distribution of dividends to shareholders of ordinary shares, and the board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting.

For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to employees' compensation and remuneration of directors in Note 32-g.

The Company's Articles also stipulate a dividends policy whereby the issuance of stock dividends or the payment of cash dividends. In principle, cash dividends are limited to 20% of the total dividends distributed.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

When a special reserve is appropriated for cumulative net debit balance reserves from prior

period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2022 and 2021 were as follows:

	<b>Appropriation of Earnings For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Legal reserve	<u>\$ 289,628</u>	<u>\$ 461,198</u>
Cash dividends	<u>\$ 1,618,409</u>	<u>\$ 2,265,773</u>
Cash dividends per share (NT\$)	\$ 1.00	\$ 1.40

The above appropriations for cash dividends were resolved by the Company's board of directors on March 13, 2023 and March 14, 2022, respectively; the other proposed appropriations were resolved by the shareholders in their meeting on June 2, 2023 and May 30, 2022, respectively.

The appropriation of earnings for 2023, which were proposed by the Company's board of directors on March 11, 2024, were as follows:

	<b>For the Year Ended December 31, 2023</b>
Legal reserve	<u>\$ 79,280</u>
Cash dividends	<u>\$ 890,125</u>
Cash dividends per share (NT\$)	\$ 0.55

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on May 30, 2024.

d. Special reserve

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1 and December 31	<u>\$ 2,328,591</u>	<u>\$ 2,328,591</u>

On first-time adoption of IFRS Accounting Standards, the Company appropriated for special reserve, the amounts that was the same as unrealized revaluation increment transferred to retained earnings,, which was \$1,673,314 thousand.

e. Other equity items

- 1) Exchange differences on translating the financial statements of foreign operations

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$(148,467)	\$(391,252)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(41,124)	378,921
Share from subsidiaries and associates accounted for using the equity method	<u>685</u>	<u>(136,136)</u>
Balance at December 31	<u><u>\$(188,906)</u></u>	<u><u>\$(148,467)</u></u>

2) Unrealized gain (loss) on financial assets at FVTOCI

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 3,032,864	\$ 4,516,084
Recognized for the year		
Unrealized gain (loss) - equity instruments	1,123,934	(965,759)
Share from subsidiaries and associates accounted for using the equity method	<u>602,723</u>	<u>(438,111)</u>
Other comprehensive income (loss) recognized for the year	<u>1,726,657</u>	<u>(1,403,870)</u>
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	<u>(4,457)</u>	<u>(79,350)</u>
Balance at December 31	<u><u>\$ 4,755,064</u></u>	<u><u>\$ 3,032,864</u></u>

f. Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 10,595,730	\$ 10,229,333
Share in profit for the year	405,164	796,701
Other comprehensive income (loss) during the year		
Exchange differences on translating the financial statements of foreign operations	14,784	111,223
Unrealized (loss) gain on financial assets at FVTOCI	55,724	(58,950)
Remeasurement on defined benefit plans	(300)	19,811
Related income tax	19	(3,833)
Partial disposal of subsidiaries - UBO	8,483	2,595
Acquisition of non-controlling interests in subsidiaries - UBO	(15,022)	(50,013)
Acquisition of non-controlling interests in subsidiaries - JLP	(71,739)	-
Issuance of ordinary shares with capital in subsidiaries -	3,499	-

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
JLP		
Dividends paid by subsidiaries	(528,023)	(576,516)
Issuance of ordinary shares with capital in subsidiaries - SKPS	(666)	6,000
Non-controlling interests arising from acquisition of subsidiaries - JLP	-	105,840
Others	<u>26,343</u>	<u>13,539</u>
Balance at December 31	<u>\$ 10,493,996</u>	<u>\$ 10,595,730</u>

g. Treasury shares

<b>Purpose of Buy-back</b>	<b>Shares Transferred to Employees (In Thousands of Shares)</b>	<b>Shares Cancelled (In Thousands of Shares)</b>	<b>Shares Held by Its Subsidiaries (In Thousands of Shares)</b>	<b>Total (In Thousands of Shares)</b>
Number of shares at January 1, 2022	-	-	4,680	4,680
Increase during the year	-	-	-	-
Decrease during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Number of shares at December 31, 2022	-	-	4,680	4,680
Increase during the year	-	-	-	-
Decrease during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Number of shares at December 31, 2023	<u>-</u>	<u>-</u>	<u>4,680</u>	<u>4,680</u>

The Company's shares held by its subsidiaries at the end of the reporting periods were as follows:

<b>Name of Subsidiary</b>	<b>Number of Shares Held (In Thousands)</b>	<b>Carrying Amount</b>	<b>Market Price</b>
<u>December 31, 2023</u>			
Hsin Lung Chemical Co., Ltd.	4,680	<u>\$ 72,782</u>	<u>\$ 72,782</u>
<u>December 31, 2022</u>			
Hsin Lung Chemical Co., Ltd.	4,680	<u>\$ 82,143</u>	<u>\$ 82,143</u>

Hsin Lung Chemical Co., Ltd. acquired the Company's shares for investment purposes before

the Company obtained control over Hsin Lung Chemical Co., Ltd.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote. The subsidiaries holding treasury shares, however, retain shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

## 32. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

### a. Revenue from contracts

Refer to Note 50 for detailed revenue information on contracts for the years ended December 31, 2023 and 2022.

### b. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Interest on bank loans	\$ 668,578	\$ 388,868
Interest on lease liabilities	31,446	30,923
Other interest expense	<u>45,331</u>	<u>49,450</u>
	745,355	469,241
Interest due to the Central Bank and other banks	82,040	58,631
Interest due to the funds borrowed from the Central Bank and other banks	-	211
Interest on bills and bonds sold under repurchase agreements	46,720	53,598
Interest on deposits	826,535	421,524
Other finance costs	<u>31,564</u>	<u>29,109</u>
	<u>\$ 1,732,214</u>	<u>\$ 1,032,314</u>

Information about capitalized interest was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Capitalized interest	\$ 6,425	\$ 8,113
Capitalization rate	1.38%-4.00%	0.63%-3.4%
c. Impairment (losses) recognized reversed		

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Investments in debt instruments at FVTOCI	<u>\$ (804)</u>	<u>\$ 212</u>
Financial assets at amortized cost	<u>\$ 240</u>	<u>\$ (197)</u>
Bad debt expense, commitments and guarantee liability provisions	<u>\$ 36,306</u>	<u>\$(37,275)</u>
Trade receivables	<u>\$(47,230)</u>	<u>\$(31,497)</u>
Property, plant and equipment	<u>\$ (7,529)</u>	<u>\$ 52,330</u>

d. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Property, plant and equipment	\$ 1,771,978	\$ 1,564,071
Investment property	21,847	21,836
Right-of-use assets	193,257	173,045
Others	<u>14,803</u>	<u>9,171</u>
	<u>\$ 2,001,885</u>	<u>\$ 1,768,123</u>
An analysis of depreciation by function		
Operating costs	\$ 1,745,187	\$ 1,567,741
Operating expenses	<u>241,895</u>	<u>191,211</u>
	<u>\$ 1,987,082</u>	<u>\$ 1,758,952</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 14,803</u>	<u>\$ 9,171</u>

e. Operating expenses directly related to investment properties

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Direct operating expenses from investment properties that generated rental income	<u>\$ 70,986</u>	<u>\$ 63,570</u>

f. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Post-employment benefits (See Note 30)		
Defined benefit plans	\$ 10,534	\$ 12,580
Defined contribution plans	<u>109,707</u>	<u>110,183</u>
	<u>120,241</u>	<u>122,763</u>
Share-based payments (See Note 35)		
Equity-settled	<u>6,852</u>	<u>8,258</u>
Total employee benefits expense	<u>\$ 127,093</u>	<u>\$ 131,021</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 66,808	\$ 70,960
Operating expenses	<u>60,285</u>	<u>60,061</u>
	<u>\$ 127,093</u>	<u>\$ 131,021</u>

g. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and the remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on March 11, 2024 and March 13, 2023, respectively, are as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Compensation of employees	1%	1%
Remuneration of directors	-	-

Amount

	<b>For the Year Ended December 31</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Cash</b>	<b>Share</b>	<b>Cash</b>	<b>Share</b>
Compensation of employees	\$ 6,721	\$ -	\$ 33,735	\$ -
Remuneration of directors	-	-	-	-

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on foreign currency exchange

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Foreign exchange gains	\$ 1,198,036	\$ 1,913,095
Foreign exchange losses	<u>(1,117,336)</u>	<u>(1,061,029)</u>
	<u>\$ 80,700</u>	<u>\$ 852,066</u>

### 33. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Major components of income tax expense recognized in profit or loss are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax		
In respect of the current year	\$ 496,410	\$ 905,100
Income tax on unappropriated earnings	50,198	107,634
Adjustments for prior years	(45,929)	(48,432)
Others	<u>-</u>	<u>2,444</u>
	<u>500,679</u>	<u>966,746</u>
Deferred tax		
In respect of the current year	(168,730)	106,081
Adjustments to prior years	<u>(692)</u>	<u>730</u>
	<u>(169,422)</u>	<u>106,811</u>
Income tax expense recognized in profit or loss	<u>\$ 331,257</u>	<u>\$ 1,073,557</u>

A reconciliation of accounting profit and income tax expenses is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit before tax from continuing operations	<u>\$ 1,500,831</u>	<u>\$ 4,694,045</u>
Income tax expense calculated at the statutory rate	\$ 300,166	\$ 938,809
Nondeductible expenses in determining taxable income	<u>(6,110)</u>	<u>2,600</u>

Deferred tax effect from earnings of subsidiaries	(250,300)	(187,525)
Tax-exempt income	(42,662)	(72,079)
Additional income tax under the Alternative Minimum Tax Act	-	1,446
Income tax on unappropriated earnings	50,198	107,634
Unrecognized loss carryforwards/deductible temporary differences investment credits	163,671	93,195
Adjustments for prior years' tax	(45,929)	(48,432)
Adjustments for prior years' deferred income tax expense	(642)	730
Others	<u>162,865</u>	<u>237,179</u>
Income tax expense recognized in profit or loss	<u>\$ 331,257</u>	<u>\$ 1,073,557</u>

b. Income tax recognized in other comprehensive income

For the Year Ended December 31	
2023	2022

Deferred tax

In respect of the current year:

Remeasurement of defined benefit plan	<u>\$ (6,046)</u>	<u>\$ (1,826)</u>
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c. Current tax assets and liabilities

December 31	
2023	2022

Current tax assets		
Tax refund receivable	<u>\$ 45,068</u>	<u>\$ 44,872</u>
Current tax liabilities		
Income tax payable	<u>\$ 303,803</u>	<u>\$ 569,404</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehen- sive Income</b>	<b>Others</b>	<b>Closing Balance</b>
Temporary differences					
Property, plant and equipment	\$ 53,914	\$ (8,561)	\$ -	\$ -	\$ 45,353
Fair value changes of financial assets	2,213	(546)	-	-	1,667
Inventory write-downs	137,229	27,826	-	-	165,055
Unrealized gross profit	74,779	(14,347)	-	-	60,432
Defined benefit obligation	113,340	(2,388)	(3,955)	-	106,997
Gain or loss on foreign currency exchange	(781)	12,492	-	-	11,711
Allowance for impairment loss of receivables	79,786	6,490	-	-	86,276
Others	92,077	19,921	-	-	111,998
	552,557	40,887	(3,955)	-	589,489
Loss carryforwards	25,768	(4,171)	-	-	21,597
	<u>\$ 578,325</u>	<u>\$ 36,716</u>	<u>\$ (3,955)</u>	<u>\$ -</u>	<u>\$ 611,086</u>
<b>Deferred Tax Liabilities</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehen- sive Income</b>	<b>Others</b>	<b>Closing Balance</b>
Temporary differences					
Property, plant and equipment	\$ 829,685	\$ -	\$ -	\$ -	\$ 829,685
Defined benefit obligation	92	-	2,091	-	2,183
Others	832,650	(132,706)	-	-	699,944
	<u>\$1,662,427</u>	<u>\$ (132,706)</u>	<u>\$ 2,091</u>	<u>\$ -</u>	<u>\$1,531,812</u>

For the year ended December 31, 2022

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehen- sive Income</b>	<b>Others</b>	<b>Closing Balance</b>
Temporary differences					
Property, plant and equipment	\$ 68,111	\$ (14,197)	\$ -	\$ -	\$ 53,914
Fair value changes of financial assets	193	2,020	-	-	2,213
Inventory write-downs	118,090	19,139	-	-	137,229
Unrealized gross profit	71,315	3,464	-	-	74,779
Defined benefit obligation	123,510	(7,014)	(3,156)	-	113,340
Gain or loss on foreign currency exchange	14,554	(15,335)	-	-	(781)
Allowance for impairment loss of receivables	71,039	8,747	-	-	79,786
Others	<u>93,753</u>	<u>(1,676)</u>	<u>-</u>	<u>-</u>	<u>92,077</u>
	560,565	(4,852)	(3,156)	-	552,557
Loss carryforwards	<u>27,795</u>	<u>(2,027)</u>	<u>-</u>	<u>-</u>	<u>25,768</u>
	<u>\$ 588,360</u>	<u>\$ (6,879)</u>	<u>\$ (3,156)</u>	<u>\$ -</u>	<u>\$ 578,325</u>
<b>Deferred Tax Liabilities</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehen- sive Income</b>	<b>Others</b>	<b>Closing Balance</b>
Temporary differences					
Property, plant and equipment	\$ 839,320	\$ -	\$ -	\$ (9,635)	\$ 829,685
Defined benefit obligation	1,422	-	(1,330)	-	92
Others	<u>742,095</u>	<u>90,555</u>	<u>-</u>	<u>-</u>	<u>832,650</u>
	<u>\$1,582,837</u>	<u>\$ 90,555</u>	<u>\$ (1,330)</u>	<u>\$ (9,635)</u>	<u>\$1,662,427</u>

- e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Loss carryforwards		
Expiry in 2023	\$ -	\$ 92,302
Expiry in 2024	150,219	153,547
Expiry in 2025	264,327	243,707
Expiry in 2026	578,095	578,095
Expiry in 2027	794,492	794,492
Expiry in 2028	509,196	509,196
Expiry in 2029	76,041	76,041
Expiry in 2030	67,069	67,069
Expiry in 2031	9,461	20,351
Expiry in 2032	499,492	499,579
Expiry in 2033	<u>810,627</u>	<u>-</u>
	<u>\$ 3,759,019</u>	<u>\$ 3,034,379</u>
Deductible temporary differences		
Share of loss of associates	<u>\$ 3,366,629</u>	<u>\$ 3,339,462</u>

- f. Information on unused loss carryforwards

Loss carryforwards as of December 31, 2023 comprised:

<b>Unused Amount</b>	<b>Expiry Year</b>
\$ 150,219	2024
346,033	2025
578,095	2026
794,492	2027
509,196	2028
76,041	2029
80,615	2030
9,461	2031
512,223	2032
<u>810,627</u>	2033
<u>\$ 3,867,002</u>	

- g. Income tax assessments

The income tax returns of Taipei Star Bank through 2020 have been assessed by the tax authorities. The income tax returns of SSF, UBO, TBO, SPF, PAPI, PAP, HSI, HAM, SEC, TBO, SPI, SKE, SKIL, IMBD, SKT, HLC, SKIN, OTObUY, SKPS, JLP, SKIS, SKIA, SKPIA, SKIC, SKAM, CJH, Far Trust, Far Trust Leasing and Far Trust Car Rental through 2021 have been assessed by the tax authorities.

h. Pillar Two income tax legislation

In November 2023, the government of Vietnam, where SSF is incorporated, substantively enacted the Pillar Two income tax legislation, effective January 1, 2024. Since the Pillar Two income tax legislation was not effective at the reporting date, the Group has no related current tax exposure.

Under the legislation, SSF will be required to pay, in Vietnam, a top-up tax on the profits of its subsidiaries that are taxed at an effective tax rate of less than 15 percent. Because not all adjustments that would have been required by the legislation were made, the actual impact of the Pillar Two income tax legislation on the Group's results had it been in effect for the year ending December 31, 2024, may be significantly different.

The Group is continuing to assess the impact of the Pillar Two income tax legislation on its future financial performance.

### 34. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share from continuing operations are as follows:

**Net Profit for the Year**

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit for the year attributable to owners of the Company	<u>\$ 764,410</u>	<u>\$ 2,823,787</u>

Weighted average number of ordinary shares outstanding (in thousands of shares):

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,613,729	1,613,729
Effect of potentially dilutive ordinary shares:		
Employees' compensation	<u>794</u>	<u>2,352</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,614,523</u>	<u>1,616,081</u>

If the Group offered to settle compensation or bonuses paid to employees in cash or shares, the Group assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

### 35. SHARE-BASED PAYMENT ARRANGEMENTS

#### UBO

Qualified employees of UBO were granted 2,050 options in October 2021 and 880 options in January 2020. Each option entitles the holder to subscribe for one thousand ordinary shares of UBO. The options granted are valid for 5 years and exercisable at certain percentages after the second anniversary from the grant date. The options were granted at an exercise price equal to the closing price of UBO's ordinary shares listed on the grant date. For any subsequent changes in the Company's capital surplus, the exercise price is adjusted accordingly.

Information on employee share options was as follows:

	<b>The Plan of October 2021</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Number of Options (In Thousands)</b>	<b>Weighted- average Exercise Price (NT\$)</b>	<b>Number of Options (In Thousands)</b>	<b>Weighted- average Exercise Price (NT\$)</b>
Balance at January 1	2,050	\$ 28.20	2,050	\$ 31.15
Options granted	-	-	-	-
Options forfeited	-	-	-	-
Options exercised	(537)	25.90	-	-
Options expired	<u>-</u>	-	<u>-</u>	-
Balance at December 31	<u>1,513</u>	25.90	<u>2,050</u>	28.20
Options exercisable, end of period	<u>488</u>	25.90	<u>-</u>	-
Weighted-average fair value of options granted (\$)	<u>\$ -</u>		<u>\$ -</u>	

	<b>The Plan of January 2020</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Number of Options (In Thousands)</b>	<b>Weighted- average Exercise Price (NT\$)</b>	<b>Number of Options (In Thousands)</b>	<b>Weighted- average Exercise Price (NT\$)</b>
Balance at January 1	647	\$ 20.80	880	\$ 23.00
Options granted	-	-	-	-
Options forfeited	-	-	-	-
Options exercised	(171)	20.80	(158)	23.00
Options exercised	(106)	19.10	(75)	20.80
Options expired	<u>-</u>	-	<u>-</u>	-
Balance at December 31	<u>370</u>	19.10	<u>647</u>	20.80

<b>The Plan of January 2020</b>				
	<b>2023</b>		<b>2022</b>	
	<b>Number of Options (In Thousands)</b>	<b>Weighted- average Exercise Price (NT\$)</b>	<b>Number of Options (In Thousands)</b>	<b>Weighted- average Exercise Price (NT\$)</b>
Options exercisable, end of period	<u>18</u>	19.10	<u>31</u>	20.80
Weighted-average fair value of options granted (\$)	<u>\$ -</u>		<u>\$ -</u>	

Information on outstanding options as of December 31, 2023 and 2022 were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Range of exercise price (NT\$)	\$19.1-\$25.9	\$20.8-\$28.2
Weighted-average remaining contractual life (in years)	1.02-2.8 years	2.02-3.8 years

Options granted in October 2021 and January 2020 were priced using the binomial option pricing model and the inputs to the model are as follows:

	<b>October 2021</b>	<b>January 2020</b>
Grant-date share price (\$)	\$31.15	\$25.50
Exercise price (\$)	\$31.15	\$25.50
Expected volatility	35.36%	34.08%
Expected life (in years)	5 years	5 years
Risk-free interest rate	0.3947%	0.5526%

Expected volatility was based on the historical share price volatility over the past 1 year. To allow for the effects of early exercise, UBO assumed that employees would exercise their options after the vesting date when the share price was higher than the exercise price.

Compensation cost recognized were \$6,585 thousand and \$7,991 thousand for the years ended December 31, 2023 and 2022, respectively.

### SKF

Qualified employees of SKF were granted 2,000 options in August 2021. Each option entitles the holder to subscribe for one thousand ordinary shares of SKF. The options granted are valid for 10 years and exercisable at certain percentages after the seventh anniversary from the grant date. The options were granted at an exercise price equal to the closing price of SKF's ordinary shares listed on the grant date. For any subsequent changes in the Company's capital surplus, the exercise price is adjusted accordingly.

Information on employee share options was as follows:

<b>The Plan of August 2022</b>				
	<b>2023</b>		<b>2022</b>	
	<b>Number of Options (In Thousands)</b>	<b>Weighted- average Exercise Price (NT\$)</b>	<b>Number of Options (In Thousands)</b>	<b>Weighted- average Exercise Price (NT\$)</b>
Balance at January 1	2,000	\$ 10.00	2,000	\$ 10.00
Options granted	-	-	-	-
Options forfeited	-	-	-	-
Options exercised	-	-	-	-
Options exercised	-	-	-	-
Options expired	-	-	-	-
Balance at December 31	<u>2,000</u>	10.00	<u>2,000</u>	10.00
Options exercisable, end of period	<u>-</u>	-	<u>-</u>	-
Weighted-average fair value of options granted (\$)	<u>\$ -</u>		<u>\$ -</u>	

Information on outstanding options as of December 31, 2023 and 2022 is as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Range of exercise price (NT\$)	\$10	\$10
Weighted-average remaining contractual life (in years)	7.67 years	8.67 years

Options granted in August 2021 were priced using the binomial option pricing model and the inputs to the model are as follows:

	<b>August 2021</b>
Grant-date share price (\$)	\$6.6
Exercise price (\$)	\$10
Expected volatility	24.91%
Expected life (in years)	10 years
Risk-free interest rate	0.333%

Expected volatility was based on the historical share price volatility over the past 1 year. To allow for the effects of early exercise, SKF assumed that employees would exercise their options after the vesting date when the share price was higher than the exercise price.

Compensation cost recognized were \$267 thousand and \$267 thousand for the years ended December 31, 2023 and 2022, respectively.

### 36. BUSINESS COMBINATIONS

#### a. Subsidiaries acquired

<b>Subsidiary</b>	<b>Principal Activity</b>	<b>Date of Acquisition</b>	<b>Proportion of Voting Equity Interests Acquired (%)</b>	<b>Consideration Transferred</b>
Co-creation Ingenuity Renewable	Solar industry business	June 2023	100.00	<u>\$ 500</u>
Jin Liang Power	Solar industry business	April 2022	70.00	<u>\$ 246,960</u>

The Group acquired Co-creation Ingenuity Renewable and Jin Liang Power in 2023 and 2022, respectively, for the purpose of expanding the operations of the Group's solar industry business.

#### b. Consideration transferred

	<b>Co-creation Ingenuity Renewable</b>	<b>Jin Liang Power</b>
Cash	<u>\$ 500</u>	<u>\$ 246,960</u>

Acquisition-related costs were excluded from the consideration transferred and were recognized as other expenses in the period incurred in the consolidated statements of comprehensive income.

#### c. Assets acquired and liabilities assumed at the date of acquisition

	<b>Co-creation Ingenuity Renewable</b>	<b>Jin Liang Power</b>
Current assets		
Cash and cash equivalents	\$ 2,981	\$ 56,932
Trade receivables	27,094	1,500
Prepayments	2,100	3,108
Other current assets	5,597	34,909
Non-current assets		
Property, plant and equipment	141,845	911,470
Investment properties	-	140,182
Right-of-use assets	44	105,695
Other non-current assets	1,000	14,502
Current liabilities		
Short-term borrowings	-	(66,295)
Other payables	(177,100)	(67,580)
Current tax liabilities	-	(1,746)

	<b>Co-creation Ingenuity Renewable</b>	<b>Jin Liang Power</b>
Other current liabilities	(3,016)	(50)
Non-current liabilities		
Long-term borrowings	-	(711,088)
Lease liabilities	<u>(45)</u>	<u>(68,739)</u>
	<u>\$ 500</u>	<u>\$ 352,800</u>

d. Non-controlling interests

The non-controlling interest (30% ownership interest in Jin Liang Power) recognized at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to \$105,840 thousand. This fair value was estimated by applying in income approach.

e. Goodwill recognized on acquisitions

	<b>Co-creation Ingenuity Renewable</b>	<b>Jin Liang Power</b>
Consideration transferred	\$ 500	\$ 246,960
Plus: Non-controlling interests	-	105,840
Less: Fair value of identifiable net assets acquired	<u>(500)</u>	<u>(352,800)</u>
Goodwill recognized on acquisitions	<u>\$ -</u>	<u>\$ -</u>

f. Net cash (outflow) inflow on the acquisition of subsidiaries

	<b>Co-creation Ingenuity Renewable</b>	<b>Jin Liang Power</b>
Consideration paid in cash	\$ 500	\$ 246,960
Less: Cash and cash equivalent balances acquired	<u>(2,981)</u>	<u>(56,932)</u>
	<u>\$ (2,481)</u>	<u>\$ 190,028</u>

g. Impact of acquisitions on the results of the Group

The financial results of the acquirees since the acquisition dates, which are included in the consolidated statements of comprehensive income, were as follows:

	<b>Co-creation Ingenuity Renewable</b>	<b>Jin Liang Power</b>
Revenue	<u>\$ 15,225</u>	<u>\$ 97,154</u>
Profit	<u>\$ 3,950</u>	<u>\$ 22,243</u>

Had Co-creation Ingenuity Renewable concluded the acquisition at the beginning of 2023, the Group's revenue would have been \$39,565,140 thousand, and the profit would have been \$1,167,125 thousand for the year ended December 31, 2024. Had Jin Liang Power concluded the acquisition at the beginning of 2022, the Group's revenue would have been \$45,982,295 thousand, and the profit would have been \$3,621,906 thousand for the year ended December 31, 2022. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the acquisition year, 2023 and 2022, nor is it intended to be a projection of future results.

### 37. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

For the year ended December 31, 2023, the Group subscribed for additional new shares of UBO at a percentage different from its existing ownership percentage and UBO's employees exercised their share options, decreasing its continuing interest from 59.77% to 59.64%.

For the year ended December 31, 2023, the Group obtained additional shares of JLP and subscribed for additional new shares of JLP at a percentage different from its existing ownership percentage, increasing its continuing interest from 70% to 89.63%.

For the year ended December 31, 2023, the Group subscribed for additional new shares of SKPS at a percentage different from its existing ownership percentage, increasing its continuing interest from 70% to 85%.

For the year ended December 31, 2022, the Group subscribed for additional new shares of UBO at a percentage different from its existing ownership percentage and UBO's employees exercised their share options, increasing its continuing interest from 58.43% to 59.77%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

	<b>For the Year Ended December 31, 2023</b>		
	<b>UBO</b>	<b>JLP</b>	<b>SKPS</b>
Cash consideration paid	\$ (13,256)	\$ (91,388)	\$(100,000)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>6,539</u>	<u>108,240</u>	<u>100,666</u>
Differences recognized from equity transactions	<u>\$ (6,717)</u>	<u>\$ 16,852</u>	<u>\$ 666</u>

(Continued)

<b>For the Year Ended December 31, 2023</b>			
	<b>UBO</b>	<b>JLP</b>	<b>SKPS</b>
<u>Line items adjusted for equity transactions</u>			
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	\$ 1,766	\$ 16,558	\$ -
Capital surplus - changes in percentage of ownership interests in subsidiaries	<u>(8,483)</u>	<u>294</u>	<u>666</u>
	<u>\$ (6,717)</u>	<u>\$ 16,852</u>	<u>\$ 666</u> (Concluded)

<b>For the Year Ended December 31, 2022</b>		
	<b>UBO</b>	<b>SKF</b>
Cash consideration paid	\$(43,814)	\$ -
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to (from) non-controlling interests	<u>47,418</u>	<u>(89)</u>
Differences recognized from equity transactions	<u>\$ 3,604</u>	<u>\$ (89)</u>

Line items adjusted for equity transactions

Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	\$ 6,199	\$ -
Capital surplus - changes in percentage of ownership interests in subsidiaries	<u>(2,595)</u>	<u>(89)</u>
	<u>\$ 3,604</u>	<u>\$ (89)</u>

### 38. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

Key management personnel of the Group review the capital structure on an annual basis. As part of this review, the key Management personnel consider the cost of capital and the risk associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to

shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

### 39. FINANCIAL INSTRUMENTS

#### a. Fair value of financial instruments not measured at fair value

Except for financial instruments measured at fair value, management believes the carrying amounts of the financial instruments approximate their fair values.

#### b. Fair value of financial instruments measured at fair value on a recurring basis

##### 1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 16,637	\$ -	\$ 16,637
Domestic investments - listed shares and emerging market shares	102,826	-	-	102,826
Convertible bonds with assets exchange	-	725,240	-	725,240
Convertible bonds	-	4,640	-	4,640
Mutual funds	32,677	-	-	32,677
Limited partnership funds	-	63,724	-	63,724
Short-term transactions instruments	249,749	-	-	249,749
Foreign corporate bonds	292,477	-	-	292,477
Domestic corporate bonds	<u>50,074</u>	<u>-</u>	<u>-</u>	<u>50,074</u>
	<u>\$ 727,803</u>	<u>\$ 810,241</u>	<u>\$ -</u>	<u>\$ 1,538,044</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic investments - listed shares and emerging market shares	\$ 7,758,922	\$ -	\$ -	\$ 7,758,922
Domestic	-	2,367,589	113,397	2,480,986

	Level 1	Level 2	Level 3	Total
investments - unlisted shares				
Foreign investments	-	78,501	-	78,501
Investments in debt instruments at FVTOCI				
Bond investments	<u>2,006,398</u>	<u>1,223,986</u>	<u>-</u>	<u>3,230,384</u>
	<u>\$ 9,765,320</u>	<u>\$ 3,670,076</u>	<u>\$ 113,397</u>	<u>\$ 13,548,793</u>
Financial liabilities at FVTPL				
Derivatives	<u>\$ -</u>	<u>\$ 10,223</u>	<u>\$ -</u>	<u>\$ 10,223</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 8,726	\$ -	\$ 8,726
Domestic investments - listed shares and emerging market shares	78,650	-	-	78,650
Puttable preference shares	-	31,344	-	31,344
Convertible bonds with assets exchange	-	604,748	-	604,748
Convertible bonds	-	6,551	-	6,551
Mutual funds	84,838	-	-	84,838
Limited partnership funds	-	58,064	-	58,064
Short-term transactions instruments	398,478	-	-	398,478
Foreign corporate bonds	82,091	-	-	82,091
Domestic corporate bonds	<u>50,324</u>	<u>-</u>	<u>-</u>	<u>50,324</u>
	<u>\$ 694,381</u>	<u>\$ 709,433</u>	<u>\$ -</u>	<u>\$ 1,403,814</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic investments -	\$ 6,794,320	\$ -	\$ -	\$ 6,794,320

	Level 1	Level 2	Level 3	Total
listed shares and emerging market shares				
Domestic investments - unlisted shares	-	2,038,009	101,062	2,139,071
Foreign investments	-	36,866	-	36,866
Investments in debt instruments at FVTOCI				
Bond investments	<u>881,759</u>	<u>1,352,475</u>	<u>-</u>	<u>2,234,234</u>
	<u>\$ 7,676,079</u>	<u>\$ 3,427,350</u>	<u>\$ 101,062</u>	<u>\$ 11,204,491</u>
Financial liabilities at FVTPL				
Derivatives	<u>\$ -</u>	<u>\$ 8,140</u>	<u>\$ -</u>	<u>\$ 8,140</u>

There were no transfers between Levels 1 and 2 in the years ended December 31, 2023 and 2022.

## 2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2023

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2023	\$ 101,062
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	<u>12,335</u>
Balance at December 31, 2023	<u>\$ 113,397</u>

For the year ended December 31, 2022

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2022	\$ 85,798
Purchase	6,821
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	<u>8,443</u>
Balance at December 31, 2022	<u>\$101,062</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

<b>Financial Instruments</b>	<b>Valuation Techniques and Inputs</b>
Derivatives - foreign exchange forward contracts	Discounted cash flow:  Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Derivatives - foreign exchange forward contracts	Based on the exchange rates quoted by Reuters on each settlement date.
Unlisted debt securities - ROC	Discounted cash flow:  Future cash flows are discounted at a rate that reflects current borrowing interest rates of the bond issuers at the end of the reporting period.
Unlisted equity securities - ROC	Based on market observations, economic trends and industry characteristics, value multipliers that are highly relevant to the target are used as inputs for fair value calculation.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

<b>Financial Instruments</b>	<b>Valuation Techniques and Inputs</b>
Unlisted equity securities - ROC	Discounted cash flow:  Future cash flows are estimated based on observable cash dividends at the end of the reporting period and other parameters, discounted at a rate that reflects the credit risk of various counterparties.  Market multiplier:  Based on the transaction prices of the shares in an active market of companies in comparable industries, the corresponding net value multiplier and taking into consideration the liquidity discount ratio, the fair value of the target is evaluated. The main significant unobservable input is the liquidity discount.

5) Sensitivity analysis of the reasonable possible alternative assumptions for Level 3 fair value measurement

The significant unobservable inputs of the income approach used by the Group are the

discount rate, non-controlling equity discount rate and the liquidity discount ratio. The sensitivity analysis is as follows:

<b>December 31, 2023</b>		
<b>Significant Unobservable Input</b>	<b>Range of Changes</b>	<b>Affected Amount</b>
Discount rate	1% increase	\$ (1,965)
	1% decrease	2,432
Discount for lack of marketability	10% increase	(11,839)
	10% decrease	10,950

<b>December 31, 2022</b>		
<b>Significant Unobservable Input</b>	<b>Range of Changes</b>	<b>Affected Amount</b>
Discount rate	1% increase	\$ (2,065)
	1% decrease	2,573
Discount for lack of marketability	10% increase	(7,502)
	10% decrease	5,074

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 1,538,044	\$ 1,403,814
Financial assets at amortized cost (1)	51,820,240	48,709,202
Financial assets at FVTOCI		
Equity instruments	10,318,409	8,970,257
Debt instruments	3,230,384	2,234,234
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	\$ 10,223	\$ 8,140
Amortized cost (2)	56,590,456	42,874,998
		(Concluded)

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, time deposits with original maturities of more than 3 months, debt investments, other financial assets, notes receivable, trade and other receivables.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans, short-term bills payable, notes payable, trade and other payables and bonds issued.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, trade receivables, trade payables, bonds payable, borrowings and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international

financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

#### 1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There had been no change to the Group's exposure to market risk or the manner in which these risks were managed and measured.

##### a) Foreign currency risk

Several subsidiaries of the Company had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amount of monetary assets and monetary liabilities denominated in the non-functional currency at the balance sheet date (including monetary items denominated in non-functional currency that had reversed in the consolidated financial statements) and the carrying amount of derivatives exposed to exchange rate risk, please refer to Note 43.

The Group uses foreign exchange forward contracts to eliminate currency exposure. It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

##### Sensitivity analysis

The Group is mainly exposed to the USD.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (the functional currency) against the U.S. dollar. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar weakening 5% against the U.S. dollar. For a 5% strengthening of the New Taiwan dollar against the U.S. dollar, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative. This was mainly attributable to the exposure on outstanding receivables and payables in U.S.

dollars, which were not hedged at the end of the reporting period.

	<b>USD Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit or loss	<u>\$ 879,241</u>	<u>\$ 325,070</u>

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings and using interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite ensuring the most cost-effective hedging strategies are applied.

The carrying amounts of the Group's financial liabilities with exposure to interest rates at the end of the reporting periods were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Fair value interest rate risk	\$ 18,455,000	\$ 13,360,000
Cash flow interest rate risk	30,269,323	24,072,895

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings.

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the each of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would have decreased/increased by \$75,673 thousand and \$60,173 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

c) Other price risk

The Group was exposed to equity price risk and commodity price risk through its investments in equity securities and mutual funds. The Group manages this exposure by maintaining a portfolio of investments with different risks.

### Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$9,961 thousand and \$11,078 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by \$515,920 thousand and \$448,513 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Group's sensitivity to investments in equity securities has not changed significantly from the prior year.

## 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparties to discharge its obligation and due to the financial guarantees provided by the Group, could be arise from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

In order to minimize credit risk, management of the Group has delegated a team responsible for determination credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for irrecoverable amounts. In this regard, management believes the Group's credit risk was significantly reduced.

Trade receivables consisted of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables.

The Group transacts with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

### 3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. The Group's available unutilized bank loan facilities are set out in (c) below.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, and continuously monitoring forecasted and actual cash flows as well as matching the maturity profiles of financial assets and liabilities.

#### a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

#### December 31, 2023

	Less than 1 Year	1-2 Years	2-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 8,914,267	\$ -	\$ -	\$ -	\$ 8,914,267
Lease liabilities	434,592	430,805	395,876	935,361	2,196,634
Variable interest rate liabilities	15,327,306	10,934,992	3,406,745	787,031	30,456,074
Fixed interest rate liabilities	12,122,019	-	-	-	12,122,019
Financial debentures	<u>500,000</u>	<u>1,500,000</u>	<u>3,500,000</u>	<u>820,000</u>	<u>6,320,000</u>
	<u>\$ 37,298,184</u>	<u>\$ 12,865,797</u>	<u>\$ 7,302,621</u>	<u>\$ 2,542,392</u>	<u>\$ 60,008,994</u>

#### Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 434,592</u>	<u>\$ 826,681</u>	<u>\$ 339,142</u>	<u>\$ 202,525</u>	<u>\$ 82,521</u>	<u>\$ 311,173</u>

December 31, 2022

	<b>Less than 1 Year</b>	<b>1-2 Years</b>	<b>2-5 Years</b>	<b>5+ Years</b>	<b>Total</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 6,568,335	\$ -	\$ -	\$ -	\$ 6,568,335
Lease liabilities	417,230	231,854	706,049	905,189	2,260,322
Variable interest rate liabilities	13,800,954	5,800,904	4,193,033	400,232	24,195,123
Fixed interest rate liabilities	6,531,577	-	-	-	6,531,577
Financial debentures	<u>500,000</u>	<u>500,000</u>	<u>5,000,000</u>	<u>820,000</u>	<u>6,820,000</u>
	<u>\$ 27,818,096</u>	<u>\$ 6,532,758</u>	<u>\$ 9,899,082</u>	<u>\$ 2,125,421</u>	<u>\$ 46,375,357</u>

Additional information about the maturity analysis for lease liabilities

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 417,230</u>	<u>\$ 937,903</u>	<u>\$ 306,337</u>	<u>\$ 152,194</u>	<u>\$ 85,063</u>	<u>\$ 361,595</u>

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to pay should the counterparty of the contract demand payment of the full amount of the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be paid under the contracts.

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

December 31, 2023

	<b>Less than 1 Year</b>	<b>1-2 Years</b>	<b>2-5 Years</b>	<b>5+ Years</b>	<b>Total</b>
<u>Net settled</u>					
Foreign exchange forward contracts	<u>\$ 334</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 334</u>
Foreign exchange contracts	<u>\$ 6,080</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,080</u>

December 31, 2022

	<b>Less than 1 Year</b>	<b>1-2 Years</b>	<b>2-5 Years</b>	<b>5+ Years</b>	<b>Total</b>
<u>Net settled</u>					
Foreign exchange forward contracts	<u>\$ 353</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 353</u>
Foreign exchange contracts	<u>\$ 233</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 233</u>

c) Financing facilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Amount unused	<u>\$ 21,811,069</u>	<u>\$ 23,805,992</u>

#### 40. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related party name and category

<b>Related Party Name</b>	<b>Related Party Category</b>
The LYCRA Company Taiwan Limited, Taiwan Branch (H.K.)	Affiliated company of subsidiary's main shareholder
LYCRA Singapore	Affiliated company of subsidiary's main shareholder
Tai Shin Leasing & Financial Co., Ltd.	Associate
Topbottle Resources Technology Corporation	Associate
Shinsol Advanced Chemical Corporation	Associate
Da Chun Universe Investment Co., Ltd.	Associate
Tai Jin Investment Co., Ltd.	Associate
Ecofun Lab Corporation	Associate
Shin Kong Bank Co., Ltd.	Related party in substance
Chairman Wu and related parties of Chairman Wu	Related party in substance
The Bank of Taipei Cultural Foundation	Related party in substance
Shin Kong Life Insurance Co., Ltd.	Related party in substance
Shin Kong Textile Co., Ltd.	Related party in substance
Shin Kong Construction and Development Co., Ltd.	Related party in substance
Shin-Kong Life Real Estate Service Co., Ltd.	Related party in substance
Shin Kong Insurance Co., Ltd.	Related party in substance

<b>Related Party Name</b>	<b>Related Party Category</b>
Taiwan Shin Kong Security Co., Ltd.	Related party in substance
Hwa Jian Human-Resource & Management Co., Ltd.	Related party in substance
Taishin International Co., Ltd., Bank	Related party in substance
Shin Kong Mitsukoshi Department Store Co., Ltd.	Related party in substance
The Great Taipei Gas Corporation	Related party in substance
Shinkong iEcofun Corporation	Related party in substance
Jin Guang Fu Cultural & Education Foundation	Related party in substance
Shin Kong Recreation Co., Ltd.	Related party in substance
Everlight Co., Ltd.	Related party in substance
Wang Tien Woolen Textile Co., Ltd.	Related party in substance
Shinkong Co., Ltd.	Related party in substance
Waibel Enterprise Inc.	Related party in substance
Sian Shun Co., Ltd.	Related party in substance
Ner Victory Company Ltd.	Related party in substance
Star Thomas Corporation	Related party in substance
Guei Lan Cultural & Art Foundation	Related party in substance
Jin Sian Investment Co., Ltd.	Related party in substance
Guei Yuan Investment Co., Ltd.	Related party in substance
Liang Yue Investment Co., Ltd.	Related party in substance
Shinkong Asset Management Co., Ltd	Related party in substance
Yi Guang Co., Ltd.	Related party in substance
Yi Yin Co., Ltd.	Related party in substance
Shinkong ilive Co., Ltd.	Related party in substance
Shinkong Leasing Co., Ltd.	Related party in substance
Yuan Bao Co., Ltd.	Related party in substance
Beitou Hotel Co., Ltd.	Related party in substance
Rueishing Investment Co., Ltd.	Related party in substance
Taipei City Guei Lan Foundation	Related party in substance
Guangsheng International Enterprise Inc.	Related party in substance
Hengsheng International Enterprise Inc.	Related party in substance
GGP Biotechnolgy Co., Ltd.	Related party in substance
Defu Cultural & Education Foundation	Related party in substance
Shin Kong Wu Ho-Su Rescue Foundation	Related party in substance
Bilisih Co., Ltd.	Related party in substance
Jilien Investment Co., Ltd.	Related party in substance
Shin Kong Development Co., Ltd.	Related party in substance
Tai Yu Investment Co., Ltd.	Related party in substance
Jia Jia Investment Co., Ltd.	Related party in substance
Jia-Jia Investment Co., Ltd.	Related party in substance
Yuan Sheng Investment Co., Ltd.	Related party in substance
Chang Sheng Investment Co., Ltd.	Related party in substance
Dongrong Investment Co., Ltd.	Related party in substance
Yu Bang Investment Co., Ltd.	Related party in substance
Jia Bang Investment Co., Ltd.	Related party in substance
Shin Kong Investment Trust Co., Ltd	Related party in substance
Mian Hao Enterprise Co., Ltd.	Related party in substance
Ji Zhen Co., Ltd.	Related party in substance
Tay Way Enterprise Co., Ltd.	Related party in substance

<b>Related Party Name</b>	<b>Related Party Category</b>
Sheng Bao Investment Co., Ltd.	Related party in substance
Bei Yuan Investment Co., Ltd.	Related party in substance
Others	Key management personnel and others (Concluded)

b. Sales of goods

<b>Line Items</b>	<b>Related Party Categories/Name</b>	<b>For the Year Ended December 31</b>	
		<b>2023</b>	<b>2022</b>
Sales	Affiliated company of subsidiary's investors main shareholder/others	<u>\$ 986,159</u>	<u>\$ 956,729</u>
	Related party in substance/others	<u>\$ 41,659</u>	<u>\$ 31,758</u>

c. Purchases of goods

<b>Related Party Categories/Name</b>		<b>For the Year Ended December 31</b>	
		<b>2023</b>	<b>2022</b>
Related parties in substance/others		<u>\$ 1,987</u>	<u>\$ 3,009</u>
Associates/others		<u>\$ 339,010</u>	<u>\$ 405,480</u>
Affiliated company of subsidiary's investors main shareholder/others		<u>\$ 3,492</u>	<u>\$ -</u>

d. Receivables from related parties

<b>Line Items</b>	<b>Related Party Categories/Name</b>	<b>December 31</b>	
		<b>2023</b>	<b>2022</b>
Trade receivables	Affiliated company of subsidiary's investors main shareholder/others	<u>\$ 236,359</u>	<u>\$ 76,005</u>
	Related parties in substance/others	<u>\$ 7,973</u>	<u>\$ 755</u>

e. Payables to related parties

<b>Line Items</b>	<b>Related Party Categories/Name</b>	<b>December 31</b>	
		<b>2023</b>	<b>2022</b>
Trade payables	Associates/others	<u>\$ 15,716</u>	<u>\$ 7,829</u>
	Affiliated company of subsidiary's investors main shareholder/The LYCRA Company Taiwan Limited, Taiwan Branch (H.K.)	<u>\$ 1,136</u>	<u>\$ -</u>

f. Loans

For the Year Ended December 31, 2023							Differences in Transaction Terms Between Related and Nonrelated Parties
Category	Number or Name of Related Party	Highest Balance	Ending Balance	Normal Loans	Non-Performing Loans	Type of Collateral	
Employee consumer loans	3	\$ 1,948	\$ 757	\$ 757	-	None	None
Self-used residential mortgage loans	13	91,700	65,000	65,000	-	Real estate	None
Secured loans	Key executives	7,160	5,657	5,657	-	Real estate	None
Secured loans	Others	15,404	4,702	4,702	-	Real estate	None

For the Year Ended December 31, 2022							Differences in Transaction Terms Between Related and Nonrelated Parties
Category	Number or Name of Related Party	Highest Balance	Ending Balance	Normal Loans	Non-Performing Loans	Type of Collateral	
Employee consumer loans	3	\$ 1,502	\$ 1,444	\$ 1,444	-	None	None
Self-used residential mortgage loans	14	77,470	55,650	55,650	-	Real estate	None
Secured loans	Key executives	8,156	4,178	4,178	-	Real estate	None
Secured loans	Others	13,046	6,040	6,040	-	Real estate	None

In compliance with the Banking Law, except for consumer loans and government loans, credits extended by Taipei Star Bank to any related party were fully secured, and the other terms of these credits extended to related parties were similar to those for third parties.

g. Deposits from related parties

	For the Year Ended December 31					
	2023			2022		
	Ending Balance	Interest Rate %	Interest Expense	Ending Balance	Interest Rate %	Interest Expense
Related party in substance	\$ 1,250,816	0.00-1.58	\$ 36,857	\$ 1,517,340	0.00-2.20	\$ 11,857
Key executives	7,224	0.00-7.82	450	25,279	0.00-7.70	88
Others	<u>145,844</u>	0.00-7.82	<u>4,563</u>	<u>170,058</u>	0.00-7.70	<u>1,686</u>
	<u>\$ 1,403,884</u>		<u>\$ 41,870</u>	<u>\$ 1,712,677</u>		<u>\$ 13,631</u>

The terms of the transactions with related parties were similar to those for third parties, except for certain preferential interest rate, which was 7.82% and 7.70% as of December 31, 2023 and 2022, respectively, for employees' savings and loans.

h. Other operating expenses

Related Party Categories/Name	For the Year Ended December 31	
	2023	2022
Related party is substance/others	\$ 1,705	\$ 1,559

The above amounts represent other operating expenses, the Group's transaction prices with related parties were the same as those of unrelated parties.

i. Lease agreements - the Group is lessee

Lessor	Object	Period
Related party in substance	Office and parking space	1-4 years
Related party in substance	Land	5-20 years

Line Items	Related Party Categories/Name	December 31	
		2023	2022
Lease liabilities	Related party in substance/Shin Kong Textile Co., Ltd.	\$ 225,312	\$ 249,924
	Others/The Great Taipei Gas Corporation	\$ 8,401	\$ 9,773

Related Party Categories/Name	For the Year Ended December 31	
	2023	2022
Interest expense		
Related party is substance/others	\$ 2,354	\$ 2,617
Related party is substance/others	\$ 170	\$ 192
Lease expense		
Related party is substance/others	\$ -	\$ 96

j. Lease agreements

Operating lease

Lessor	Object	Period	Rent Income	
			For the Year Ended	
			December 31	
			2023	2022
Related party in substance/others	Buildings and parking spaces	March 1, 2020-February 28, 2030	\$ 1,334	\$ 630

k. Loans from related parties

<b>Related Party Categories/Name</b>	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Related party is substance/others	<u>\$ 250,000</u>	<u>\$ 150,000</u>
<u>Interest expense</u>		
	<b>For the Year Ended December 31</b>	
<b>Related Party Categories/Name</b>	<b>2023</b>	<b>2022</b>
Related party is substance/others	<u>\$ 3,427</u>	<u>\$ 826</u>

The Group obtained loans from related parties bear interest at rates comparable to market rates.

l. Others

Other income

	<b>For the Year Ended December 31</b>	
<b>Related Party Categories/Name</b>	<b>2023</b>	<b>2022</b>
Associates/others	<u>\$ 9,998</u>	<u>\$ 32,006</u>

m. Remuneration of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 58,029	\$ 43,934
Post-employment benefits	1,740	1,623
Others	<u>6,582</u>	<u>8,673</u>
	<u>\$ 66,351</u>	<u>\$ 54,230</u>

n. Capital increase to related parties

In 2023, the Group paid \$128,588 thousand in cash to acquire additional new shares of Shinsol Advanced Chemical Corporation at a percentage different from its original ownership percentage, decreasing its interest from 49.00% to 43.63%. However, it is still classified as an investment in an associate as the Group does not have control over Shinsol Advanced Chemical Corporation.

In 2022, the Group paid \$4,200 thousand in cash to acquire additional new shares of Ecofun Lab Corporation. The Group's interest in Ecofun Lab Corporation remained at 33.33%. However, it is still classified as an investment in an associate as the Group does not have control over Ecofun Lab Corporation.

#### 41. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings and the tariff of imported raw materials guarantees:

Pledged Asset	Type	December 31	
		2023	2022
Other financial assets - current	Refundable deposits, demand deposits, time deposits, pledged time deposits and restricted demand deposits	\$ 1,487,783	\$ 843,196
Other financial assets - non-current	Pledged time deposits	135,255	134,115
Financial assets at fair value through other comprehensive income - current and non-current	Listed shares	3,671,421	3,353,984
Financial assets at amortized cost - non-current	Trust fund compensation provision	950,000	894,078
Property, plant and equipment and investment properties	Land, buildings and machineries	<u>5,902,852</u>	<u>5,835,172</u>
		<u>\$ 12,147,311</u>	<u>\$ 11,060,545</u>

As of December 31, 2023 and 2022, the interest rates for the pledged deposits both ranged from 1.00% to 1.575% and 0.5% to 1.02%, respectively.

#### 42. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2023 and 2022 were as follows:

##### a. Letters of credit

Outstanding letters of credit not reflected in the accompanying consolidated financial statements as of December 31, 2023 and 2022 were as follows:

	December 31	
	2023	2022
EUR	\$ 125	\$ 5,932
JPY	181,475	156,710
USD	5,289	2,606
THB	-	58,757

##### b. Significant commitments and contingent liabilities of Taipei Star Bank

Except for the commitments in respect of financial instruments in Note 11, as of December 31, 2023 and 2022, the significant commitments and contingent liabilities of Taipei Star Bank were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Unused loan commitments	\$ 20,715,719	\$ 19,817,573
Guarantees	705,000	23,700
Letters of credit	5,976	7,483
Trust liabilities	16,598,791	14,913,077

c. Trust assets

According to Article 17 of the Enforcement Rules of the Trust Enterprise Act, the Bank discloses assets and liabilities of trust accounts and inventory of trust assets as follows:

**Trust Account Balance Sheet  
December 31, 2023**

<b>Trust Assets</b>	<b>Amount</b>	<b>Trust Liabilities</b>	<b>Amount</b>
Bank deposits	\$ 1,812,867	Trust capital	
Short-term investments		Funds and investment	\$ 4,227,644
Mutual funds	2,996,677	Securities and investment	1,795,936
Securities	806,058	Real estate and	
Securities	1,480,063	investment	10,359,034
Real estate		Net loss	211,829
Land	6,777,987	Deferred income	<u>4,348</u>
Buildings	57,750		
Construction in progress	<u>2,667,389</u>		
	<u>\$ 16,598,791</u>		<u>\$ 16,598,791</u>

**Trust Account Statement of Income  
For the Year Ended December 31, 2023**

Income from trust	
Dividend income	\$ 236,407
Interest income	<u>1,695</u>
	<u>238,102</u>
Expense from trust	
Management fee	(2,761)
Insurance expense	(386)
Remittance charge	(5,287)
Tax expense	(17,823)
Interest expense	-
Exchange expense	<u>(16)</u>
	<u>(26,273)</u>
Net income before tax	211,829

Income tax expense	-
Net income	<u>\$ 211,829</u>

The summary of trust assets as of December 31, 2023 is as follows:

Type	Amount
Bank deposits	\$ 1,812,867
Mutual funds	2,996,677
Bonds	806,058
Securities	1,480,063
Real estate	
Land	6,777,987
Buildings	57,750
Construction in progress	<u>2,667,389</u>
	<u>\$ 16,598,791</u>

**Trust Account Balance Sheet  
December 31, 2022**

Trust Assets	Amount	Trust Liabilities	Amount
Bank deposits	\$ 1,356,438	Trust capital	
Short-term investments		Funds and investment	\$ 4,033,328
Mutual funds	3,202,751	Securities and investment	1,492,106
Securities	513,600	Real estate and	
Securities	1,579,703	investment	8,959,895
Real estate		Net loss	416,837
Land	6,599,335	Deferred income	<u>10,911</u>
Buildings	22,152		
Construction in progress	<u>1,639,098</u>		
	<u>\$ 14,913,077</u>		<u>\$ 14,913,077</u>

**Trust Account Statement of Income**  
**For the Year Ended December 31, 2022**

Income from trust	
Dividend income	\$ 436,978
Interest income	<u>487</u>
	437,465
Expense from trust	
Management fee	(920)
Insurance expense	(173)
Remittance charge	(5,892)
Tax expense	(12,795)
Interest expense	(826)
Exchange expense	<u>(22)</u>
	<u>(20,628)</u>
Net gain before tax	416,837
Income tax expense	<u>-</u>
Net gain	<u><u>\$ 416,837</u></u>

The summary of trust assets as of December 31, 2022 is as follows:

Type	Amount
Bank deposits	\$ 1,356,438
Mutual funds	3,202,751
Bonds	513,600
Securities	1,579,703
Real estate	
Land	6,599,335
Buildings	22,152
Construction in progress	<u>1,639,098</u>
	<u><u>\$ 14,913,077</u></u>

- d. An employee of the Group was investigated and prosecuted by the Taipei District Prosecutors Office for involvement in New Site Industries Group's fraud case, and the case was concluded. In the fourth quarter of 2020, Yuanta Commercial Bank Co., Ltd. accused the Company of violating employer's joint and several liability. Based on the opinion of lawyer, there is a civil liability and the Company recognized the related compensation amounts as provisions for loss on lawsuit. Please refer to the Note 28.

#### 43. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and related exchange rates between the foreign currencies and the respective functional currencies were as follows:

	December 31			
	2023		2022	
	Foreign Currency (In Thousands)	Exchange Rate	Foreign Currency (In Thousands)	Exchange Rate
<u>Financial assets</u>				
Monetary items				
USD	\$ 589,695	30.705	\$ 227,056	30.71
EUR	14,516	33.98	4,579	32.72
JPY	1,593,697	0.2172	1,139,982	0.2324
RMB	8,122	4.327	13,618	4.408
<u>Financial liabilities</u>				
Monetary items				
USD	16,993	30.705	14,353	30.71
EUR	210	33.98	331	32.72
JPY	1,024,948	0.2172	643,097	0.2324

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains were \$80,700 thousand and \$852,066 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

#### 44. DISCLOSURES ACCORDING TO REGULATIONS GOVERNING THE PREPARATION OF FINANCIAL REPORTS BY PUBLIC BANKS

##### a. Financial instruments

##### 1) Fair value of financial instruments not measured at fair value

Except as detailed in the following table, the management of Taipei Star Bank considers the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values; therefore, the fair value hierarchy is not disclosed.

December 31, 2023

	Carrying Amount	Estimated Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost - debt instruments	\$ 18,643,365	\$ 8,350,347	\$ 9,828,038	\$ 99,343	\$ 18,277,728
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Financial debenture	1,320,000	-	1,322,620	-	1,322,620

December 31, 2022

	Carrying Amount	Estimated Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost - debt instruments	\$ 18,526,163	\$ 8,494,424	\$ 9,251,921	\$ 198,079	\$ 17,944,424
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Financial debenture	1,820,000	-	1,822,518	-	1,822,518

The fair values of the financial assets and financial liabilities included in the Level 2 and Level 3 categories above have been determined in accordance with the income approach based on a discounted cash flow analysis.

2) Fair value of financial instruments measured at fair value on a recurring basis

a) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at</u>				
<u>FVTPL</u>				
Derivative	\$ -	\$ 741,543	\$ -	\$ 741,543
Short-term transactions				
instruments	<u>249,749</u>	<u>-</u>	<u>-</u>	<u>249,749</u>
	<u>\$ 249,749</u>	<u>\$ 741,543</u>	<u>\$ -</u>	<u>\$ 991,292</u>
				(Continued)

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI	\$ 536,288	\$ -	\$ 39,852	\$ 576,140
Investments in debt instruments at FVTOCI	<u>2,006,398</u>	<u>1,223,986</u>	<u>-</u>	<u>3,230,384</u>
	<u>\$ 2,542,686</u>	<u>\$ 1,223,986</u>	<u>\$ 39,852</u>	<u>\$ 3,806,524</u>
<u>Financial liabilities at FVTPL</u>				
Derivatives	<u>\$ -</u>	<u>\$ (10,223)</u>	<u>\$ -</u>	<u>\$ (10,223)</u> (Concluded)

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative	\$ -	\$ 613,121	\$ -	\$ 613,121
Short-term transactions instruments	<u>398,478</u>	<u>-</u>	<u>-</u>	<u>398,478</u>
	<u>\$ 398,478</u>	<u>\$ 613,121</u>	<u>\$ -</u>	<u>\$ 1,011,599</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI	\$ 476,258	\$ -	\$ 37,951	\$ 514,209
Investments in debt instruments at FVTOCI	<u>881,759</u>	<u>1,352,475</u>	<u>-</u>	<u>2,234,234</u>
	<u>\$ 1,358,017</u>	<u>\$ 1,352,475</u>	<u>\$ 37,951</u>	<u>\$ 2,748,443</u>
<u>Financial liabilities at FVTPL</u>				
Derivatives	<u>\$ -</u>	<u>\$ (8,140)</u>	<u>\$ -</u>	<u>\$ (8,140)</u>

There were no transfers between Levels 1 and 2 in the years ended December 31, 2023

and 2022.

b) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2023

<b>Financial Assets</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>
Balance at January 1, 2023	\$ 37,951
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	<u>1,901</u>
Balance at December 31, 2023	<u>\$ 39,852</u>

For the year ended December 31, 2022

<b>Financial Assets</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>
Balance at January 1, 2022	\$ 36,190
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	<u>1,761</u>
Balance at December 31, 2022	<u>\$ 37,951</u>

c) Valuation technique and assumptions used for fair value measurement

The fair values of financial assets and financial liabilities traded on active markets are determined with reference to quoted market prices. When market prices are not available, valuation techniques are applied. The estimates and assumptions used by Taipei Star Bank for financial instrument valuation is consistent with those used by other market participants in pricing of financial instruments. Fair values of derivatives that have no quoted market prices in an active market are calculated using the discounted cash flow method, the fair value of each individual contract is calculated based on the exchange rates quoted by Reuters on each settlement date.

d) Valuation techniques and inputs applied for Level 2 fair value measurement

<b>Financial Instruments</b>	<b>Valuation Techniques and Inputs</b>
Derivatives - foreign exchange forward contracts	Based on the exchange rates quoted by Reuters on each settlement date.
Derivatives - convertible bond asset swap	The value of convertible bond asset swap is the conversion price plus the fixed income value minus the conversion option value. The average price is input into the SYSTEX information system to calculate value of convertible bond asset swap and convertible option. The interbank overnight call loan rate, TAIBIR and IRS from Bloomberg are input into the SYSTEX information system to calculate the discounted fixed income.
Investments in debt instruments	Based on market quoted prices or prices quoted by Bloomberg.

e) Valuation techniques and inputs applied for Level 3 fair value measurement

<b>Financial Instruments</b>	<b>Valuation Techniques and Inputs</b>
Unlisted equity securities - ROC	Discounted cash flow:  Future cash flows are estimated based on observable cash dividends at the end of the reporting period and other parameters, discounted at a rate that reflects the credit risk of various counterparties.

f) Sensitivity analysis of reasonable possible alternative assumptions for Level 3 fair value measurement

The significant unobservable inputs of the income approach used by Taipei Star Bank are the discount rate, non-controlling equity discount rate and the liquidity discount ratio. The sensitivity analysis is as follows:

<b>December 31, 2023</b>		
<b>Significant Unobservable Input</b>	<b>Range of Changes</b>	<b>Affected Amount</b>
Discount rate	1% increase	\$ (1,965)
	1% decrease	2,432
Discount for lack of marketability	10% increase	(5,115)
	10% decrease	5,115

<b>December 31, 2022</b>		
<b>Significant Unobservable Input</b>	<b>Range of Changes</b>	<b>Affected Amount</b>
Discount rate	1% increase	\$ (2,065)
	1% decrease	2,573
Discount for lack of marketability	10% increase	(5,025)
	10% decrease	5,025

### 3) Categories of financial instruments

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Financial assets</u>		
Financial assets at FVTPL	\$ 991,292	\$ 1,011,599
Financial assets at FVTOCI	3,806,524	2,748,443
Financial assets at amortized cost (a)	82,661,700	82,732,152
<u>Financial liabilities</u>		
Financial liabilities at FVTPL	10,223	8,140
Amortized cost (b)	81,746,411	80,978,922

- a) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, due from the Central Bank and call loans to other banks, debt investments, bills and bonds purchased under resale agreements, trade receivables, discounts and loans and refundable deposits.
- b) The balances include financial liabilities at amortized cost, which comprise due to the Central Bank and other banks, funds borrowed from the Central Bank and other banks, bills and bonds sold under repurchase agreements, trade payables, deposits and remittances, bonds issued, other financial liabilities and deposits.

#### b. Financial risk management objectives and policies

Taipei Star Bank has rules for risk management policies and risk control procedures, which include organizational structure, procedures, mechanism and information system. The rules had been approved by the board of directors (including credit risks, market risks, operation risks, liquidity risks and national risks).

Taipei Star Bank has Risk Management Committee and Risk Management Division, and takes the full responsibility for risk management in order to operate risk management effectively. Chief Executive Officer as the chairman of Risk Management Committee, and Vice Chief Executive Officer as substitute. Risk Management Committee takes charge of risk management as follows:

- 1) Monitoring capital adequacy.
- 2) Measurement and monitoring liquidity risks.
- 3) Risk management of every business segment.
- 4) Assessment of asset quality, classification and loss allowance.
- 5) Information security protection mechanism and emergency response plan.
- 6) Planning, proposal and assessment of risk management policies.

- 7) Reporting implementation status of risk management to the board of directors.
- 8) The Risk Management Committee can assign specialists who are responsible for specific risk tasks, in order to achieve the goals of risk management.

Member of Risk Management Committee sets risk management measurement index depend on their business, and report to Risk Management Committee as a reference for decision making.

1) Market risk

Fair value changes of Taipei Star Bank's fixed rate debt instruments, bills, loans and other financial instruments, when the market rate changes on the balance sheet date.

Sensitivity analysis

a) Interest rate risk

If interest rates had been 100 basis points higher and all other variables were held constant, Taipei Star Bank pre-tax profit for the years ended December 31, 2023 and 2022 would have decreased by \$515 thousand and \$575 thousand, respectively, and the pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have decreased by \$112,893 thousand and \$68,871 thousand, respectively.

b) Foreign currency risk

If exchange rates of USD/NTD and RMB/NTD strengthened by 3% and all other variables were held constant, the pre-tax profit of Taipei Star Bank for the years ended December 31, 2023 and 2022 would have increased by \$11,964 thousand and \$12,785 thousand, respectively, and the pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased by \$26,935 thousand and \$12,123 thousand, respectively.

c) Equity price risk

If equity prices had been 15% higher and all other variables were held constant, the Taipei Star Bank pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased by \$86,421 thousand and \$77,131 thousand, respectively.

d) Summarized sensitivity analysis

December 31, 2023			
Main Risk	Range of Changes	Impact Amounts	
		Equity	Profit/Loss
Interest rate risk	Interest rate yield higher 100BPS	\$(113,408)	\$ (515)
Interest rate risk	Interest rate yield lower 100BPS	113,408	515
Foreign currency risk	USD/NTD and CNY/NTD strengthen 3%	(38,899)	11,964
Foreign currency risk	USD/NTD and CNY/NTD weakening 3%	38,899	(11,964)
Equity price risk	Equity price higher 15%	86,421	-
Equity price risk	Equity price lower 15%	(86,421)	-

December 31, 2022			
Main Risk	Range of Changes	Impact Amounts	
		Equity	Profit/Loss
Interest rate risk	Interest rate yield higher 100BPS	\$(69,446)	\$ (575)
Interest rate risk	Interest rate yield lower 100BPS	69,446	575
Foreign currency risk	USD/NTD and CNY/NTD strengthen 3%	24,908	12,785
Foreign currency risk	USD/NTD and CNY/NTD weakening 3%	(24,908)	(12,785)
Equity price risk	Equity price higher 15%	77,131	-
Equity price risk	Equity price lower 15%	(77,131)	-

## 2) Interest rate risk

### a) Definition of interest rate risk

Interest rate risk refers to the change in interest rate, which causes Taipei Star Bank to bear the risk of changes in the fair value of the interest rate risk or the loss of surplus liquidity. The main sources of risk include deposits and interest rate-related securities.

### b) Measurement methods and management procedures

Taipei Star Bank regularly reports the monitoring results to the Risk Management Committee and the board of directors for interest rate risk, and makes adjustment according to the overall operating conditions.

### c) The effect of interest rate benchmark reform

For the financial instruments of Taipei Star Bank that are affected by changes in interest rate benchmark, the linked indicator interest rates include USD LIBOR. It is expected that the US Secured Overnight Financing Rate (SOFR) will replace the USD LIBOR. However, there is a fundamental difference between the replacement interest rate and LIBOR. LIBOR is a forward-looking interest rate indicator that implies market expectations for future interest rate trends and includes inter-bank credit discounts. Each alternative interest rate is a retrospective interest rate indicator calculated with reference to actual transaction data, which does not include a credit discount. Therefore, when an existing contract is modified from a linked LIBOR to a linked alternative interest rate,

additional adjustments must be made to the aforementioned differences to ensure that the interest rate basis before and after the modification is economically equivalent.

Taipei Star Bank has formulated a LIBOR conversion plan to deal with risk management policy adjustments, internal process adjustments, information system updates, financial instrument evaluation model adjustments, and related accounting or tax issues that are required to meet the changes in interest rate benchmark. Taipei Star Bank has identified all the information systems and internal processes that need to be updated and completed some of the updates. Taipei Star Bank has discussed how to modify its financial contracts.

Taipei Star Bank that have been affected by the change in interest rate benchmark and have not yet converted to alternative interest rate benchmark are summarized as follows:

December 31, 2023

<b>Non-derivative Financial</b>	<b>Amount</b>	
	<b>Financial Assets</b>	<b>Financial Liabilities</b>
<u>Financial assets at amortized cost</u>		
USD LIBOR	\$ 123,990	\$ -

December 31, 2022

<b>Non-derivative Financial</b>	<b>Amount</b>	
	<b>Financial Assets</b>	<b>Financial Liabilities</b>
<u>Financial assets at fair value through other comprehensive income</u>		
USD LIBOR	\$ 92,124	\$ -
<u>Financial assets at amortized cost</u>		
USD LIBOR	311,020	-
	<u>\$ 403,144</u>	<u>\$ -</u>

### 3) Credit risk

Credit risk refers to Taipei Star Bank's exposure to financial losses due to inability of customers or counterparties to meet the contractual obligations on financial instruments. When offering loans, loan commitments and guarantees, Taipei Star Bank adopts cautious approach in the assessment process. Secured loans constituted were both 97% of all loans as of December 31, 2023 and 2022, respectively. Pledged assets are properties, cash, securities and other assets, when counterparties inability to meet the contractual obligations, Taipei Star Bank has the right to obtain pledged assets and reduce credit risk. However, the fair value of pledged assets is not considered in the disclosure of exposure amounts.

a) Credit risk management procedures

The credit risk management procedures and measurement methods of Taipei Star Bank's main business are as follows:

i. Credit granting business

The loss allowance on Taipei Star Bank's discounts and loans whose credit risk have not increased significantly since initial recognition is evaluated using 12-month ECLs; for the discounts and loans whose credit risk have increased significantly or have defaulted and financial assets that are credit-impaired, Lifetime ECLs are used to evaluate the loss allowance.

Determination that credit risk has increased significantly since initial recognition

At the end of each reporting period, Taipei Star Bank assesses the changes in risk of default over the expected lifetime of the discounts and loans to determine if credit risk has increased significantly since initial recognition. For this assessment, reasonable and corroborative information that indicates that credit risk has increased significantly is taken into consideration, the main indicators include:

Quantitative indicators

Past due for at least a certain number of days.

Qualitative indicators

- i) Significant changes in expected or actual operating results.
- ii) Current or expected worsening of debt payment ability due to unfavorable changes in operating, financial or economic conditions.

Definition of credit-impaired and defaulted financial assets

If one or more of the following conditions are met, Taipei Star Bank determines that the financial assets have defaulted and are credit-impaired.

Quantitative indicators

Loans that met the definition of overdue loans in accordance with "Non-performing loans from Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans".

Qualitative indicators

If there is evidence showing the inability of the borrower to repay the loan or showing that the borrower is in significant financial difficulties, such as the following:

- i) Borrower met the requirements of exemption from reporting in accordance with

“Nonperforming loans from Regulations Governing the Procedures for Banking”.

- ii) New payment schedule is negotiated so that the loan is not classified as non-performing.
- iii) Do not belong to the aforementioned non-performing loans, but showing signs of significant financial difficulties or bad credit record such as the following:
  - Reported a returned check issued by debtor or on a “No business transaction” list.
  - There are cases of overdue loans of the borrower or its enterprise with other financial institutions.
  - Businesses operated or invested in by the borrower or its affiliates have ceased operations.
  - Returned check not make up or pledged shares account decrease from loans maintenance ratio to minimum notification recovery maintenance ratio, and did not return to the standard ratio within the specified period.
  - Situations where the pledged collateral of the debtor is seized by another bank, receivables have been reclassified as overdue receivables by another financial institution, debtor has filed for bankruptcy, reorganization, or other debt clearance proceedings, or when the auditor has issued an opinion expressing material uncertainty over the Company’s ability to continue as a going concern.

The definition of defaulted and credit-impaired credit assets above is applicable to all financial assets of Taipei Star Bank, and used in the model for impairment assessment.

#### Measurement of expected credit loss

For the measurement of expected credit loss, Taipei Star Bank classified the credit assets based on credit risk characteristics such as purpose of borrowings, industry characteristics, type of collateral, and borrowing status into the following groups:

Business	Type of Collateral	Credit Risk Group
Corporate banking	State-owned enterprises	
	Pledged time deposits	
	Corporate banking - secured borrowings	Small and medium enterprises - credit guaranteed
		Small and medium enterprises - non-credit guaranteed
		Non small and medium enterprises
	Corporate banking - unsecured borrowings	Small and medium enterprises - non-credit guaranteed
		Non small and medium enterprises
Consumer banking	Consumer banking - secured borrowings	Property, plant and equipment
		Pledged shares
		Others
	Consumer banking - unsecured borrowings	Check financing
		Consumer credit
		Self-negotiating and resolving
		Consumer debt clearance
		Others

Taipei Star Bank adopted the 12-month ECL model to evaluate the loss allowance of financial instruments whose credit risk have not increased significantly since initial recognition, and adopted the lifetime ECL model to evaluate the loss allowance of financial instruments whose credit risk has increased significantly since initial recognition or those that are credit-impaired.

Taipei Star Bank considers both the 12-month and lifetime probability of default (PD) of the borrower with the loss given default (LGD), multiplied by the exposure at default (EAD), as well as the impact of time value, to calculate the respective 12-month ECLs and lifetime ECLs.

“PD” refers to the borrower’s probability of default and “LGD” refers to losses caused by the default. Taipei Star Bank applies the “PD” and “LGD” to the credit business according to each group’s historical information (such as credit loss experience) from internal historical data, and adjusts the historical data based on current observable and forward-looking macroeconomic information, and calculates by the grouping and estimation method.

Taipei Star Bank estimates the account balance based on the grouping and estimation method. In addition, Taipei Star Bank estimates the 12-month ECLs and Lifetime ECLs of loan commitments by considering the portion of the loan commitments expected to be used within 12 months after the reporting date and within the expected lifetime based on the grouping and estimation method to determine the amount of EAD for calculating expected credit losses.

#### Forward-looking information

The Growth Rate of Gross Domestic Product (GDP) and unemployment rate announced by the government of the ROC are used as indicators to adjust the

probability of default and are included in the evaluation of the loss allowance of financial instruments.

ii. Investments in debt instruments

Taipei Star Bank considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecasts when estimating 12-month or lifetime expected credit losses.

Determination that credit risk has increased significantly since initial recognition

At the end of each reporting period, Taipei Star Bank assesses the changes in risk of default over the expected lifetime of the discounts and loans to determine if credit risk has increased significantly since initial recognition. For this assessment, reasonable and corroborative information that indicates that credit risk has increased significantly is taken into consideration, the main indicators include:

Quantitative indicators

According to the changes in external credit ratings, Taipei Star Bank determines the investments in debt instruments whose credit risk has increased significantly since initial recognition at the end of the reporting period.

The three stages of impairment are as follows:

- i) Stage 1 (low-risk or no significant increase): No changes in external credit ratings or do not conform to the definition of Stage 2 and 3.
- ii) Stage 2 (significant increase in credit risk): Rating is over Baa3 on the initial recognition date, and rating is lower than Ba1, not including ratings of Ca-D on the measurement date; rating is Ba1-Ba3 on the initial recognition date, and rating is downgraded to B1-Caa3 on the measurement date; Rating is B1-Caa3 on the initial recognition date; rating provided by external credit agencies is Baa3/BBB-/BBB-.
- iii) Stage 3 (credit impaired): The rating is Ca-D on the measurement date or have defaulted.

Measurement of ECLs

- i) The measurement of ECLs of debt instruments will be done on a group basis based on the nature of the products.

ii) At the end of the reporting period, Taipei Star Bank evaluates the risk of default occurring over the expected life of debt instruments, to determine if the credit risk has increased significantly since original recognition.

- Normal credit risk, based on the probability of default (PD) within one year.
- Significant increase in credit risk, based on the probability of default (PD) over the full lifetime of the debt instruments, if cash flow can be assessed, the discounted cash flow method is used to measure ECLs.
- Abnormal credit risk, probability of default (PD) is 100%, probability of default (PD) over the full lifetime of the debt instruments is not considered, only the recoverable amount is considered in the measurement of ECLs.
- Taipei Star Bank assesses the PD of investments in debt instruments using data from external credit rating agencies to calculate the PD of different secured or unsecured repayment orders.

b) Credit risk hedging or mitigation policies

i. Collateral

Taipei Star Bank has a series of measures for credit granting to reduce credit risks. One of the procedures is requesting for collateral from the borrowers. To secure the loans, Taipei Star Bank manages and assesses the collateral based on the procedures that suggest the scope of collateralization and valuation of collateral and the process of disposal. In credit contracts, Taipei Star Bank stipulates the security mechanism for loans and the conditions and terms for collateral and offsetting to state clearly that Taipei Star Bank reserves the right to reduce the limit granted or to reduce the repayment period in order to reduce the credit risks.

Taipei Star Bank closely observes the value of collateral of financial assets and considers the financial assets that need to be recognized for impairment or those that are already impaired. The following table details the value of collateral of credit-impaired financial assets or those that need to be recognized for impairment.

	<b>Gross Carrying Amount</b>	<b>Loss Allowance</b>	<b>Exposure (At Amortized Cost)</b>	<b>Collateral Fair Value</b>
Credit-impaired financial assets:				
Receivables				
Credit card business	\$ -	\$ -	\$ -	\$ -
Others	430	(36)	394	-
Discounts and loans	<u>135,867</u>	<u>(9,550)</u>	<u>126,317</u>	<u>126,317</u>
Total amount of credit-impaired financial assets	<u>\$ 136,297</u>	<u>\$ (9,586)</u>	<u>\$ 126,711</u>	<u>\$ 126,317</u>

ii. Credit risk concentration limits and control

To avoid over concentration of credit risks, Taipei Star Bank has included credit limits for a single counterparty and for a single group in its credit-related guidelines. Taipei Star Bank has also included credit limits for an individual (entity) and for related enterprises (group) in the guidelines for investment and regulations for risk control on equity investments. To manage the concentration risk on the assets, Taipei Star Bank set credit limits by industry, conglomerate, country, transactions collateralized by shares, and other categories and integrated within one system the supervision of concentration of credit risk in these categories.

iii. Other credit enhancements

To reduce credit risk, Taipei Star Bank stipulates in its credit contracts the terms for offsetting which clearly defines that Taipei Star Bank reserves the right to offset the borrowers' debt against their deposits in Taipei Star Bank.

c) Credit risk exposure

Credit risk exposure is evaluated based on the positive fair value on the balance sheet date and off-balance loan commitments and other guaranteed commitments.

Except off-balance sheet credit risk exposure, the maximum credit risk exposures of various financial instruments held by the Taipei Star Bank are the same as the per book amounts.

i. Off-balance sheet credit risk exposure

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Commitments	\$ 20,715,719	\$ 19,817,573
Guarantees	705,000	23,700
Letters of credit	5,976	7,483

ii. Concentration of credit risk

Concentration of credit risk exists when the counterparty of financial transactions are concentrated on one individual or when there is more than one counterparty but they are engaged in similar business activities or have similar economic characteristics, which result in their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Taipei Star Bank did not have transactions involving a single customer or counterparty, but has transactions with counterparties with similar industries or geographical locations. The contract amounts of significant concentration of credit risk and their maximum amounts of credit risk are as follows:

Group or Industry	December 31	
	2023	2022
Natural person	\$ 35,844,684	\$ 35,775,482
Real estate	12,755,105	13,078,469
Manufacturing	411,503	332,370
Wholesale, retail and restaurants	2,060,906	1,809,518
Construction	837,400	833,616
Others	<u>4,310,533</u>	<u>3,867,348</u>
	<u>\$ 56,220,131</u>	<u>\$ 55,696,803</u>

Region	December 31	
	2023	2022
Domestic	\$ 56,214,155	\$ 55,643,258
Overseas	<u>5,976</u>	<u>53,545</u>
	<u>\$ 56,220,131</u>	<u>\$ 55,696,803</u>

d) Credit quality information

Some financial assets held by Taipei Star Bank, such as cash and cash equivalents, due from the Central Bank and call loans to other banks, financial assets at fair value through profit or loss, bills and bonds purchased under resale agreements and refundable deposits, are exposed to low credit risks because the counterparties have high credit ratings.

In addition to the above-mentioned assets, credit quality analyses on other financial assets were as follows:

i. Analysis of credit quality of discounts and loans

December 31, 2023

	Discounts and Loans				
	December 31, 2023				
	Stage 1 12- month ECLs	Stage 2 Lifetime ECLs (Collectively Assessed)	Stage 3 Lifetime ECLs (Credit- impaired Financial Assets)	Difference of Impairment Loss Recognized	Total
Gross carrying amount	\$ 53,926,379	\$ 1,446,909	\$ 135,867	\$ -	\$ 55,509,155
Loss allowance	(36,312)	(4,821)	(9,885)	-	(51,018)
Difference of impairment loss under regulations	-	-	-	(577,863)	(577,863)
	<u>\$ 53,890,067</u>	<u>\$ 1,442,088</u>	<u>\$ 125,982</u>	<u>\$ (577,863)</u>	<u>\$ 54,880,274</u>

Trades Receivable and Other Financial Assets					
December 31, 2023					
	Stage 1 12- month ECLs	Stage 2 Lifetime ECLs (Collectively Assessed)	Stage 3 Lifetime ECLs (Credit- impaired Financial Assets)	Difference of Impairment Loss Recognized	Total
Gross carrying amount	\$ 6,786,999	\$ 3,359	\$ 430	\$ -	\$ 6,790,788
Loss allowance	(44)	(4)	(36)	-	(84)
Difference of impairment loss under regulations	-	-	-	(830)	(830)
	<u>\$ 6,786,955</u>	<u>\$ 3,355</u>	<u>\$ 394</u>	<u>\$ (830)</u>	<u>\$ 6,789,874</u>

Off-balance Sheet Commitments					
December 31, 2023					
	Stage 1 12- month ECLs	Stage 2 Lifetime ECLs (Collectively Assessed)	Stage 3 Lifetime ECLs (Credit- impaired Financial Assets)	Difference of Impairment Loss Recognized	Total
Gross carrying amount	\$ 712,576	\$ -	\$ -	\$ -	\$ 712,576
Loss allowance	(10)	-	-	-	(10)
Difference of impairment loss under regulations	-	-	-	(7,116)	(7,116)
	<u>\$ 712,566</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,116)</u>	<u>\$ 705,450</u>

## December 31, 2022

Discounts and Loans					
December 31, 2022					
	Stage 1 12- month ECLs	Stage 2 Lifetime ECLs (Collectively Assessed)	Stage 3 Lifetime ECLs (Credit- impaired Financial Assets)	Difference of Impairment Loss Recognized	Total
Gross carrying amount	\$ 54,439,520	\$ 985,919	\$ 240,181	\$ -	\$ 55,665,620
Loss allowance	(41,715)	(5,932)	(16,699)	-	(64,346)
Difference of impairment loss under regulations	-	-	-	(600,065)	(600,065)
	<u>\$ 54,397,805</u>	<u>\$ 979,987</u>	<u>\$ 223,482</u>	<u>\$ (600,065)</u>	<u>\$ 55,001,209</u>

Trades Receivable and Other Financial Assets					
December 31, 2022					
	Stage 1 12- month ECLs	Stage 2 Lifetime ECLs (Collectively Assessed)	Stage 3 Lifetime ECLs (Credit- impaired Financial Assets)	Difference of Impairment Loss Recognized	Total
Gross carrying amount	\$ 6,941,340	\$ 2,400	\$ 1,155	\$ -	\$ 6,944,895
Loss allowance	(45)	(3)	(85)	-	(133)
Difference of impairment loss under regulations	-	-	-	(647)	(647)
	<u>\$ 6,941,295</u>	<u>\$ 2,397</u>	<u>\$ 1,070</u>	<u>\$ (647)</u>	<u>\$ 6,944,115</u>

Off-balance Sheet Commitments					
December 31, 2022					
	Stage 1	Stage 2	Stage 3	Difference of	
	12- month	Lifetime ECLs	Lifetime ECLs	Impairment	
	ECLs	(Collectively	(Credit-	Loss	
		Assessed)	impaired	Recognized	Total
			Financial		
			Assets)		
Gross carrying amount	\$ 31,183	\$ -	\$ -	\$ -	\$ 31,183
Loss allowance	(21)	-	-	-	(21)
Difference of impairment loss under regulations	-	-	-	(315)	(315)
	<u>\$ 31,162</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (315)</u>	<u>\$ 30,847</u>

ii. Analysis of credit quality of marketable securities

Credit quality of debt instruments

Investments in debt instruments were classified as at FVTOCI and as at amortized cost.

	At FVTOCI	At Amortized Cost
<b>December 31, 2023</b>		
Gross carrying amount	\$ 3,273,156	\$ 18,647,792
Loss allowance	(2,238)	(4,427)
Amortized cost	3,270,918	18,643,365
Adjustments to fair value	(40,534)	-
	<u>\$ 3,230,384</u>	<u>\$ 18,643,365</u>
<b>December 31, 2022</b>		
Gross carrying amount	\$ 2,308,007	\$ 18,530,830
Loss allowance	(1,434)	(4,667)
Amortized cost	2,306,573	18,526,163
Adjustments to fair value	(72,339)	-
	<u>\$ 2,234,234</u>	<u>\$ 18,526,163</u>

Taipei Star Bank's current credit risk grading framework comprises the following categories:

December 31, 2023

<b>Credit Rating</b>	<b>Description</b>	<b>Basis for Recognizing Expected Credit Losses</b>	<b>Expected Credit Loss Rate</b>	<b>Gross Carrying Amount</b>
Stage 1 (low credit risk)	No changes in external credit ratings and do not conform to the definition of Stages 2 and 3.	12-month ECLs	0.00%-0.40%	\$ 21,920,948
Stage 2 (significant increase in credit risk)	The rating is over Baa3 on the initial recognition date, and the rating is lower than Ba1, not including ratings of Ca-D on the measurement date. The rating is Ba1-Ba3 on the initial recognition date, and the rating is downgraded to B1-Caa3 on the measurement date. B1-Caa3 on the initial recognition date.	Lifetime ECLs (not credit impaired)	-	-
Stage 3 (credit impaired)	The rating is Ca-D on the measurement date and defaulted.	Lifetime ECLs (credit impaired)	-	-

December 31, 2022

<b>Credit Rating</b>	<b>Description</b>	<b>Basis for Recognizing Expected Credit Losses</b>	<b>Expected Credit Loss Rate</b>	<b>Gross Carrying Amount</b>
Stage 1 (low credit risk)	No changes in external credit ratings and do not conform to the definition of Stages 2 and 3.	12-month ECLs	0.00%-0.30%	\$ 20,838,837
Stage 2 (significant increase in credit risk)	The rating is over Baa3 on the initial recognition date, and the rating is lower than Ba1, not including ratings of Ca-D on the measurement date. The rating is Ba1-Ba3 on the initial recognition date, and the rating is downgraded to B1-Caa3 on the measurement date. B1-Caa3 on the initial recognition date.	Lifetime ECLs (not credit impaired)	-	-
Stage 3 (credit impaired)	The rating is Ca-D on the measurement date and defaulted.	Lifetime ECLs (credit impaired)	-	-

The allowance for impairment loss of investments in debt instruments at FVTOCI and at amortized cost grouped by credit rating is summarized as follows:

For the year ended December 31, 2023

		<b>Credit Rating</b>	
		<b>Stage 2</b>	<b>Stage 3</b>
		<b>Lifetime ECLs</b>	<b>Lifetime ECLs</b>
<b>Allowance for Impairment Loss</b>	<b>Stage 1</b>	<b>Not Credit-</b>	<b>Credit-</b>
	<b>12-month</b>		
	<b>ECLs</b>	<b>impaired</b>	<b>impaired</b>
Balance at January 1, 2023	\$ 6,101	\$ -	\$ -
Financial assets changed from normal to abnormal	-	-	-
New financial assets purchased	670	-	-
Derecognition	(151)	-	-
Change in exchange rates or others	45	-	-
Balance at December 31, 2023	<u>\$ 6,665</u>	<u>\$ -</u>	<u>\$ -</u>

For the year ended December 31, 2022

		<b>Credit Rating</b>	
		<b>Stage 2</b>	<b>Stage 3</b>
		<b>Lifetime ECLs</b>	<b>Lifetime ECLs</b>
<b>Allowance for Impairment Loss</b>	<b>Stage 1</b>	<b>Not Credit-</b>	<b>Credit-</b>
	<b>12-month</b>		
	<b>ECLs</b>	<b>impaired</b>	<b>impaired</b>
Balance at January 1, 2022	\$ 5,692	\$ 324	\$ -
Financial assets changed from normal to abnormal	-	-	-
New financial assets purchased	640	-	-
Derecognition	(260)	(324)	-
Change in exchange rates or others	(29)	-	-
Balance at December 31, 2022	<u>\$ 6,101</u>	<u>\$ -</u>	<u>\$ -</u>

3) Liquidity risk

Taipei Star Bank manages liquidity risk by maintaining adequate reserves, liquidity reserves ratio was 19% and 20% as of December 31, 2023 and 2022, respectively. The fund is sufficient to meet the needs of asset acquisition or debt repayment on maturity, therefore, there is no possibility of financial loss resulting from the shortage of funds. The liquidity risk is quite low due to there is minimum possibility of sell derivatives in a non-reasonable price.

The basic policy of Taipei Star Bank is to match the maturity profiles of financial assets and liabilities, and managed non-matching gap. Due to the uncertainty of transaction details and types, the maturity profiles of financial assets and liabilities cannot match the interest rates

completely. This kind of gap can generate potential profit or loss, Taipei Star Bank classified financial assets and liabilities into different groups by its nature and assessed its liquidity as follows:

Financial Instruments	December 31, 2023					
	Less than 1 Month	1-6 Months	6-12 Months	1-7 Years	Over 7 Years	Total
<u>Assets</u>						
Cash and cash equivalents	\$ 2,369,767	\$ -	\$ -	\$ -	\$ -	\$ 2,369,767
Due from the Central Bank and call loans to other banks	2,173,040	722,657	604,851	773,455	-	4,274,003
Financial assets at FVTPL	991,292	-	-	-	-	991,292
Financial assets at FVTOCI	-	-	289,830	3,105,453	411,241	3,806,524
Financial assets at amortized cost - debt investments	3,761,470	1,064,183	2,096,944	9,198,409	2,522,359	18,643,365
Bills and bonds purchased under resale agreements	2,296,769	-	-	-	-	2,296,769
Trade receivables	120,220	60,530	27,636	2,399	-	210,785
Discounts and loans	1,989,914	7,838,405	10,031,252	24,216,667	11,432,917	55,509,155
Total assets	13,702,472	9,685,775	13,050,513	37,296,383	14,366,517	88,101,660
<u>Liabilities</u>						
Due to the Central Bank and other banks	2,718,375	199,778	-	-	-	2,918,153
Financial liabilities at FVTPL	10,223	-	-	-	-	10,223
Bills and bonds sold under repurchase agreements	3,018,758	297,000	-	-	-	3,315,758
Trade payables	422,108	131,503	20,595	40,337	-	614,543
Deposits and remittances	5,838,147	23,813,528	18,419,341	25,487,457	-	73,558,473
Bonds	-	200,000	300,000	820,000	-	1,320,000
Lease liabilities	2,598	13,060	16,049	119,656	-	151,363
Total liabilities	12,010,209	24,654,869	18,755,985	26,467,450	-	81,888,513
	\$ 1,692,263	\$ (14,969,094)	\$ (5,705,472)	\$ 10,828,933	\$ 14,366,517	\$ 6,213,147

Financial Instruments	December 31, 2022					
	Less than 1 Month	1-6 Months	6-12 Months	1-7 Years	Over 7 Years	Total
<u>Assets</u>						
Cash and cash equivalents	\$ 2,167,735	\$ 114,456	\$ -	\$ -	\$ -	\$ 2,282,191
Due from the Central Bank and call loans to other banks	1,383,154	718,280	555,779	786,843	-	3,444,056
Financial assets at FVTPL	1,011,599	-	-	-	-	1,011,599
Financial assets at FVTOCI	-	-	-	2,685,487	62,956	2,748,443
Financial assets at amortized cost - debt investments	4,100,000	542,698	1,053,846	11,052,060	1,777,559	18,526,163
Bills and bonds purchased under resale agreements	3,306,098	-	-	-	-	3,306,098
Trade receivables	98,479	57,889	24,329	2,420	-	183,117
Discounts and loans	2,059,428	6,731,371	9,340,116	25,079,285	12,455,420	55,665,620
Total assets	14,126,493	8,164,694	10,974,070	39,606,095	14,295,935	87,167,287
<u>Liabilities</u>						
Due to the Central Bank and other banks	2,733,452	767,700	-	-	-	3,501,152
Financial liabilities at FVTPL	8,140	-	-	-	-	8,140
Bills and bonds sold under repurchase agreements	3,196,879	776,925	-	-	-	3,973,804
Trade payables	378,842	49,584	29,303	54,442	-	512,171
Deposits and remittances	6,033,406	23,186,348	16,532,506	25,399,615	-	71,151,875
Bonds	-	500,000	-	1,320,000	-	1,820,000
Lease liabilities	2,492	12,456	15,185	143,678	-	173,811
Total liabilities	12,353,211	25,293,013	16,576,994	26,917,735	-	81,140,953
	\$ 1,773,282	\$ (17,128,319)	\$ (5,602,924)	\$ 12,688,360	\$ 14,295,935	\$ 6,026,334

### Analysis of cash outflows from nonderivative financial liabilities

Taipei Star Bank disclosed the analysis of cash outflows from nonderivative financial liabilities by the residual maturities as of the balance sheet date. The amounts of cash outflows are based on contractual cash flows, so some amounts may not correspond to those shown in the consolidated balance sheets.

December 31, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Due to the Central Bank and other banks	\$ 2,718,375	\$ 199,778	\$ -	\$ -	\$ -	\$ 2,918,153
Bills and bonds purchased under resale agreements	2,751,757	567,983	-	-	-	3,319,740
Trade payables	422,108	105,890	25,613	20,595	40,337	614,543
Deposits and remittances	5,838,147	10,022,368	13,791,160	18,419,341	25,487,457	73,558,473
Bonds	-	-	200,000	300,000	820,000	1,320,000
Other items of cash outflow on maturity	6,969	5,481	34,653	42,874	433,180	523,157

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Due to the Central Bank and other banks	\$ 2,733,452	\$ 767,700	\$ -	\$ -	\$ -	\$ 3,501,152
Bills and bonds purchased under resale agreements	3,202,181	779,967	-	-	-	3,982,148
Trade payables	378,842	23,292	26,292	29,303	54,442	512,171
Deposits and remittances	6,033,407	11,381,763	11,804,584	16,532,506	25,399,615	71,151,875
Bonds	-	-	500,000	-	1,320,000	1,820,000
Other items of cash outflow on maturity	3,708	5,275	7,913	15,825	459,658	492,379

### Analysis of cash outflows from derivative financial liabilities

#### Derivative financial liabilities to be settled at gross amounts

Derivatives: Foreign exchange contracts.

Taipei Star Bank assessed the maturity date of contracts to understand the basic elements of all derivative financial instruments shown in the consolidated balance sheets. The amounts used in the maturity analyses of derivative financial liabilities are based on contractual cash flows, so some may not correspond to the amounts shown in the consolidated balance sheets. The maturity analysis of derivative financial liabilities was as follows:

December 31, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivative						
Cash outflows	\$ 221,457	\$ 216,976	\$ -	\$ -	\$ -	\$ 438,433
Cash inflows	215,794	212,416	-	-	-	428,210
Subtotal of cash outflows	221,457	216,976	-	-	-	438,433
Subtotal of cash inflows	215,794	212,416	-	-	-	428,210
Net cash outflow (inflow)	\$ (5,663)	\$ (4,560)	\$ -	\$ -	\$ -	\$ (10,223)

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivative						
Cash outflows	\$ 384,755	\$ 254,580	\$ -	\$ -	\$ -	\$ 639,335
Cash inflows	377,342	253,853	-	-	-	631,195
Subtotal of cash outflows	384,755	254,580	-	-	-	639,335
Subtotal of cash inflows	377,342	253,853	-	-	-	631,195
Net cash outflow (inflow)	\$ (7,413)	\$ (727)	\$ -	\$ -	\$ -	\$ (8,140)

#### 4) Maturity analysis of off-balance sheet items

Taipei Star Bank conducted the maturity analysis of off-balance sheet items based on the residual maturities as of the balance sheet date. For the financial guarantee contracts issued, the maximum amounts of the guarantees are included in the earliest periods that the guarantee obligation might have been required to be fulfilled. The amounts used in the maturity analysis of off-balance sheet items are based on contractual cash flows, so some amounts may not correspond to those shown in the consolidated balance sheets.

<b>December 31, 2023</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days-1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Loan commitments issued	\$ 704,334	\$ 1,408,669	\$ 2,113,003	\$ 4,226,007	\$ 12,263,706	\$ 20,715,719
Letters of credit issued and yet unused	30	5,946	-	-	-	5,976
Other guarantees	350,000	150,000	11,000	3,000	191,000	705,000
<b>Total</b>	<b>\$ 1,054,364</b>	<b>\$ 1,564,615</b>	<b>\$ 2,124,003</b>	<b>\$ 4,229,007</b>	<b>\$ 12,454,706</b>	<b>\$ 21,426,695</b>

<b>December 31, 2022</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days-1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Loan commitments issued	\$ 673,798	\$ 1,347,595	\$ 2,021,392	\$ 4,042,785	\$ 11,732,003	\$ 19,817,573
Letters of credit issued and yet unused	2,348	5,135	-	-	-	7,483
Other guarantees	700	-	-	-	23,000	23,700
<b>Total</b>	<b>\$ 676,846</b>	<b>\$ 1,352,730</b>	<b>\$ 2,021,392</b>	<b>\$ 4,042,785</b>	<b>\$ 11,755,003</b>	<b>\$ 19,848,756</b>

#### 5) Cash flow risk of variable interest rate

The future cash flow of Taipei Star Bank's variable interest rate assets and variable interest rate liabilities can be fluctuation and have risk due to the change of market interest rate. After assessed by Taipei Star Bank, Taipei Star Bank decided to manage gap of cash flow to reduce risk from interest rate change.

c. Disclosure Requirement of Regulations Governing the Preparation of Financial Reports by Public Banks - Article 16

1) Asset quality

Period  Items			December 31, 2023					December 31, 2022				
			Nonperformin g Loans (Note 1)	Loans	Ratio of Nonperformin g Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperformin g Loans (Note 1)	Loans	Ratio of Nonperformin g Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Corporate Banking	Secured		\$ 7,653	\$17,329,381	0.04%	\$ 193,143	2,523.76%	\$ 30,425	\$17,888,549	0.17%	\$ 202,176	664.51%
	Unsecured		25	2,335,090	-	29,615	118,460.00%	27	2,001,589	-	24,747	91,655.56%
Consumer Banking	Residential mortgage (Note 4)		-	6,541,290	-	97,568	-	-	6,864,829	-	102,126	-
	Cash card		-	-	-	-	-	-	-	-	-	-
	Small-scale credit loans (Note 5)		730	30,155	2.42%	861	117.95%	1,059	48,478	2.18%	1,370	129.37%
	Other (Note 6)	Secured	32,030	28,908,212	0.11%	302,770	945.27%	122,638	28,627,335	0.43%	330,950	269.86%
		Unsecured	-	365,027	-	4,924	-	-	234,840	-	3,042	-
Total loans			40,438	55,509,155	0.07%	628,881	1,555.17%	154,149	55,665,620	0.28%	664,411	431.02%

Period		December 31, 2023					December 31, 2022				
		Nonperforming Receivables	Receivables	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio	Nonperforming Receivables	Receivables	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio
Credit cards		\$ -	\$ -	-	\$ -	-	\$ -	\$ -	-	\$ -	-
Accounts receivable factored without recourse (Note 7)		-	-	-	-	-	-	-	-	-	-

	December 31, 2023		December 31, 2022	
	Not Reported as Nonperforming Loans	Not Reported as Nonperforming Receivables	Not Reported as Nonperforming Loans	Not Reported as Nonperforming Receivables
Amounts of executed contracts on negotiated debts (Note 8)	\$ -	\$ -	\$ -	\$ -
Amounts of executed debt-restructuring projects (Note 9)	632	-	486	-
Total	632	-	486	-

- Note 1: Nonperforming loans are reported to the authorities and disclosed to the public, as required by the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrued Loans”. Nonperforming receivables are reported to the authorities and disclosed to the public, as required by the Banking Bureau’s letter dated July 6, 2005 (Ref. No. 0944000378).
- Note 2: Ratio of nonperforming loans:  $\text{Nonperforming loans} \div \text{Outstanding loans balance}$ . Ratio of nonperforming receivables:  $\text{Nonperforming receivables} \div \text{Outstanding receivables balance}$ .
- Note 3: Coverage ratio of loans:  $\text{Allowance for possible losses for loans} \div \text{Nonperforming loans}$ . Coverage ratio of receivables:  $\text{Allowance for possible losses for receivables} \div \text{Nonperforming receivables}$ .
- Note 4: The mortgage loan is for house purchase or renovation and is fully secured by housing that is purchased (owned) by the borrower, the spouse or the minor children of the borrowers.
- Note 5: Based on the Banking Bureau’s letter dated December 19, 2005 (Ref. No. 09440010950), small-scale credit loans are unsecured, involve small amounts and exclude credit cards and cash cards.
- Note 6: Other consumers’ banking loans refer to secured or unsecured loans that exclude housing mortgage, cash cards, credit cards and small-scale credit loans.
- Note 7: As required by the Banking Bureau in its letter dated August 24, 2009 (Ref. No. 09850003180), accounts receivable factored without recourse are reported as nonperforming receivables within three months after the factors or insurance companies refuse to indemnify banks for any liabilities on these accounts.
- Note 8: Amounts of executed contracts on negotiated debts that are not reported as nonperforming loans or receivables are reported in accordance with the Banking Bureau’s letter dated April 25, 2006 (Ref. No. 09510001270).
- Note 9: Amounts of executed debt-restructuring projects not reported as nonperforming loans or receivables are disclosed to the public in accordance with the Banking Bureau’s letter dated September 15, 2008 (Ref. No. 09700318940) and September 20, 2016 (Ref. No. 10500134790).

## 2) Concentration of credit extensions

(In Thousands of New Taiwan Dollars, %)

Period	December 31, 2023			December 31, 2022		
Rank	Industry of Group Enterprise	Total Amount of Credit Endorsement or Other Transactions	Percentage of Equity	Industry of Group Enterprise	Total Amount of Credit Endorsement or Other Transactions	Percentage of Equity
1	Group A 016700 real estate development	\$ 1,334,912	23.07	Group A 016700 real estate development	\$ 1,285,223	22.42
2	Group B 016811 real estate for sale and rental	822,855	14.22	Group B 016811 real estate for sale and rental	828,660	14.46
3	Group C 017900 tourism and other service	803,407	13.89	Group K 016700 real estate development	576,800	10.06
4	Group D 016700 real estate development	560,400	9.69	Group F 016700 real estate development	449,009	7.83
5	Group E 014510 wholesale of merchandise brokers	456,000	7.88	Group D 016700 real estate leasing	441,000	7.69
6	Group F 016700 real estate development	441,096	7.62	Group L 016700 real estate development	440,550	7.69
7	Group G 016700 real estate development	401,000	6.93	Group E 014510 wholesale of merchandise brokers	431,150	7.52
8	Group H 016700 real estate development	401,000	6.93	Group M 016700 real estate development	410,150	7.16
9	Group I 016811 real estate for sale and rental	360,000	6.22	Group G 016700 real estate development	393,490	6.87
10	Group J 017721 renting and leasing of motor vehicles	350,000	6.05	Group N 016700 real estate development	369,000	6.44

Note 1: The list shows top 10 rankings by total amount of credit, endorsement or other transactions but excludes government-owned or state-run enterprises. If the borrower is a member of a group enterprise, the total amount of credit, endorsement or other transactions of the entire group enterprise must be listed and disclosed by code and line of industry. The industry of the group enterprise should be presented as the industry of the member firm with the highest risk exposure. The lines of industry should be described in accordance with the Standard Industrial Classification System of the Republic of China published by the Directorate - General of Budget, Accounting and Statistics under the Executive Yuan.

Note 2: Group enterprise refers to a group of corporate entities as defined by Article 6 of “Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings”.

Note 3: Total amount of credit, endorsement or other transactions is the sum of various loans (including import and export negotiations, discounts, overdrafts, unsecured and secured short-term loans, margin loans receivable, unsecured and secured

medium-term loans, unsecured and secured long-term loans and overdue loans), exchange bills negotiated, accounts receivable factored without recourse, acceptances and guarantees.

### 3) Interest rate sensitivity information

#### Interest Rate Sensitivity (In New Taiwan Dollars)

December 31, 2023

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate - sensitive assets	\$ 56,571,178	\$ 909,141	\$ 4,903,739	\$ 15,939,429	\$ 78,323,487
Interest rate - sensitive liabilities	59,081,012	6,229,166	10,205,383	1,398,683	76,914,244
Interest rate sensitivity gap	(2,509,834)	(5,320,025)	(5,301,644)	14,540,746	1,409,243
Net worth					5,785,584
Ratio of interest rate - sensitive assets to liabilities					101.83%
Ratio of interest rate sensitivity gap to net worth					24.36%

#### Interest Rate Sensitivity (In New Taiwan Dollars)

December 31, 2022

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate - sensitive assets	\$ 58,042,244	\$ 459,067	\$ 3,712,920	\$ 16,126,303	\$ 78,340,534
Interest rate - sensitive liabilities	62,704,864	5,126,961	6,491,580	1,678,815	76,002,220
Interest rate sensitivity gap	(4,662,620)	(4,667,894)	(2,778,660)	14,447,488	2,338,314
Net worth					5,731,396
Ratio of interest rate - sensitive assets to liabilities					103.08%
Ratio of interest rate sensitivity gap to net worth					40.80%

Note 1: The above amounts included only New Taiwan dollar amounts held by the head office and branches of the Bank (i.e., excluding foreign currency).

Note 2: Interest rate-sensitive assets and liabilities refer to the revenue or costs of interest-earning assets and interest-bearing liabilities that were affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (in New Taiwan dollars).

#### Interest Rate Sensitivity (In U.S. Dollars)

December 31, 2023

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 32,707	\$ 5,000	\$ 8,175	\$ 111,201	\$ 157,083
Interest rate-sensitive liabilities	121,484	25,368	1,882	-	148,734
Interest rate sensitivity gap	(88,777)	(20,368)	6,293	111,201	8,349
Net worth					(842)
Ratio of interest rate-sensitive assets to liabilities					105.61%
Ratio of interest rate sensitivity gap to net worth					(991.57%)

December 31, 2022

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 37,898	\$ 1,996	\$ 4,160	\$ 110,026	\$ 154,080
Interest rate-sensitive liabilities	121,649	18,111	17,614	-	157,374
Interest rate sensitivity gap	(83,751)	(16,115)	(13,454)	110,026	(3,294)
Net worth					60
Ratio of interest rate-sensitive assets to liabilities					97.91%
Ratio of interest rate sensitivity gap to net worth					(5,490%)

Note 1: The above amounts included only U.S. dollar amounts held by the head office, domestic branches, OBU and overseas branches of the Bank and excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities refer to the revenue or costs of interest-earning assets and interest-bearing liabilities that were affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (in U.S. dollars).

#### 4) Profitability

**Unit: %**

Items		December 31, 2023	December 31, 2022
Return on total assets	Before income tax	0.16	0.29
	After income tax	0.13	0.24
Return on equity	Before income tax	2.42	4.56
	After income tax	1.96	3.87
Net income ratio		10.80	17.60

Note 1: Return on total assets = Income before (after) income tax/Average total assets.

Note 2: Return on equity = Income before (after) income tax/Average equity.

Note 3: Net income ratio = Income after income tax/Total net revenue.

Note 4: Income before (after) income tax represents income from January to each period-end date.

5) Maturity analysis of assets and liabilities

**Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)**

**(In Thousands of New Taiwan Dollars)**

December 31, 2023

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 84,752,342	\$ 8,605,538	\$ 4,373,991	\$ 3,292,677	\$ 5,998,064	\$ 12,732,463	\$ 49,749,609
Main capital outflow on maturity	105,226,656	4,721,484	6,660,651	10,449,445	15,272,648	24,194,346	43,928,082
Gap	(20,474,314)	3,884,054	(2,286,660)	(7,156,768)	(9,274,584)	(11,461,883)	5,821,527

**Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)**

**(In Thousands of New Taiwan Dollars)**

December 31, 2022

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 83,765,565	\$ 9,472,589	\$ 3,661,485	\$ 2,949,450	\$ 5,060,613	\$ 10,848,494	\$ 51,772,934
Main capital outflow on maturity	103,417,461	6,309,916	5,158,509	12,893,810	13,713,309	21,529,442	43,812,475
Gap	(19,651,896)	3,162,673	(1,497,024)	(9,944,360)	(8,652,696)	(10,680,948)	7,960,459

Note: The above amounts included only New Taiwan dollar amounts held by the Taipei Star Bank (excluding foreign currency).

**Maturity Analysis of Assets and Liabilities (U.S. Dollars)**

**(In Thousands of U.S. Dollars)**

December 31, 2023

	Total	Remaining Period to Maturity				
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year
Main capital inflow on maturity	\$ 176,336	\$ 17,105	\$ 12,895	\$ 9,187	\$ 11,033	\$ 126,116
Main capital outflow on maturity	169,786	62,070	58,131	26,097	3,182	20,306
Gap	6,550	(44,965)	(45,236)	(16,910)	7,851	105,810

## Maturity Analysis of Assets and Liabilities (In U.S. Dollars)

(In Thousands of U.S. Dollars)

December 31, 2022

	Total	Remaining Period to Maturity				
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year
Main capital inflow on maturity	\$ 178,256	\$ 20,251	\$ 4,268	\$ 5,638	\$ 14,011	\$ 134,088
Main capital outflow on maturity	169,930	52,699	49,236	18,809	18,931	30,255
Gap	8,326	(32,448)	(44,968)	(13,171)	(4,920)	103,833

Note 1: The above amounts included only U.S. dollar amounts held by the head office, domestic branches, OBU and overseas branches of the bank.

Note 2: If OBU's assets amounts constituted more than 10% of Bank's total assets, additional information will need to be disclosure.

## 45. CAPITAL MANAGEMENT

- a. Eligible capital of Taipei Star Bank meeting the requirements set by the authorities and should comply with the minimum ratio requested by authorities. This is the main objective of capital management of the Bank. The eligible capital and legal capital are calculated under the rule set by the authorities.

To ensure Taipei Star Bank is able to meet the capital needs of operating plan and the capital requirement, Taipei Star Bank sets business operating plan and budget report to assess the impact of business status with its capital adequacy, as well as to reach the optimization of capital allocation within the Bank.

- b. In order to meet capital adequacy requirements set by the authorities, Taipei Star Bank report it to the relevant regulatory agencies quarterly. The capital of the Bank is managed by the Risk Management Division, capital can classify into Tier 1 capital and Tier 2 capital under the "Regulations Governing the Capital Adequacy Ratio of Banks".

1) Tier 1 capital: (including common equity and other tier 1 capital)

- a) Common equity including ordinary shares and its issuance surplus, capital collected in advance, capital surplus, legal reserve, special reserve, retained earnings, non-controlling interests and other equity items.
- b) Other tier 1 capital including non-cumulative perpetual preference shares and its issuance surplus, non-cumulative perpetual subordinated debts and the non-cumulative perpetual preference shares and its issuance surplus, and the non-cumulative perpetual subordinated debts which are issued by banks' subsidiaries, and are not directly or indirectly held by banks.

2) Tier 2 capital:

Tier 2 capital including cumulative perpetual preference shares and its issuance surplus; cumulative perpetual subordinated debts; convertible subordinated debts, long-term subordinated debts; non-perpetual preference shares and its issuance surplus when first time applying International Financial Reporting Standards in real estate and using the fair value or the re-estimated value method as the deemed cost, the difference in amount between the deemed cost and the book value recognized in retained earnings; the 45% of unrealized gains on changes in the fair value of investment properties using fair value method, as well as the 45% of unrealized gains on available-for-sale financial assets; operational reserves and loan-loss provisions; and the cumulative perpetual preference shares and its issuance surplus, cumulative perpetual subordinated debts, convertible subordinated debts, long-term subordinated debts, and the non-perpetual preference shares and its issuance surplus, which are issued by banks subsidiaries, and are not directly or indirectly held by banks.

c. Information on the Bank's capital adequacy ratio (CAR) was as follows:

The eligible capital, risk-weighted assets and capital adequacy ratio are calculated under the "Regulations Governing the Capital Adequacy Ratio of Banks". Taipei Star Bank met the capital adequacy requirements as of December 31, 2023 and 2022.

(Unit: In Thousands of New Taiwan Dollars, %)

Analysis Items			Year	December 31, 2023	December 31, 2022
Eligible capital	Common equity			\$ 5,348,785	\$ 5,310,606
	Other Tier 1 capital			900,000	900,000
	Tier 2 capital			1,028,080	1,103,109
	Eligible capital			7,276,865	7,313,715
Risk-weighted assets	Credit risk	Standardized approach		48,202,780	46,821,418
		Internal rating - based approach		-	-
		Securitization		-	-
	Operational risk	Basic indicator approach		2,115,153	2,145,376
		Standardized approach/ alternative standardized approach		-	-
		Advanced measurement approach		-	-
	Market risk	Standardized approach		2,895,552	3,007,137
		Internal model approach		-	-
	Risk-weighted assets			53,213,485	51,973,931
Capital adequacy ratio (%)				13.67	14.07
Ratio of common equity to risk-weighted assets (%)				10.05	10.22
Ratio of Tier 1 capital to risk-weighted assets (%)				11.74	11.95
Leverage ratio (%)				6.80	6.87

Note 1: Eligible capital and risk-weighted assets are calculated under the "Regulations Governing the Capital Adequacy Ratio of Banks" and "Explanation of Methods for Calculating the Eligible Capital and Risk - Weighted Assets of Banks".

Note 2: Annual consolidated financial statements have to disclosed capital adequacy ratio with two comparative periods, and semi-annual consolidated financial statements have to disclosure additional capital adequacy ratio for the last years ended except for two comparative periods.

Note 3: Formulas used were as follows:

- 1) Eligible capital = Common equity + Other Tier 1 capital + Tier 2 capital.
- 2) Risk-weighted assets = Risk-weighted asset for credit risk + Capital requirements for operational risk and market risk x 12.5.
- 3) Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.
- 4) Ratio of the common equity to risk-weighted assets = Common equity ÷ Risk-weighted assets.
- 5) Ratio of Tier 1 capital to risk-weighted assets = (Common equity + Other Tier 1 capital) ÷ Risk-weighted assets.
- 6) Leverage ratio = Tier 1 capital ÷ Exposure measurement.

#### 46. DISCLOSURES ACCORDING TO REGULATIONS GOVERNING THE PREPARATION OF FINANCIAL REPORTS BY SECURITIES FIRMS

a. Fair value of financial instruments not measured at fair value

Management of Shinkong International Securities Co., Ltd. (SKIS) believes that the carrying amounts of financial instruments not measured at fair value approximate their fair values, or their fair values cannot be reasonably measured.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Trading securities - dealing - Domestic emerging stocks	\$ 50,409	\$ -	\$ -	\$ 50,409
Trading securities - underwriting - Bonds	4,640	-	-	4,640
Financial assets at FVTOCI				

	Level 1	Level 2	Level 3	Total
Investments in equity instruments at FVTOCI				
Domestic investments - unlisted shares	<u>                    </u>	<u>                    -</u>	<u>          73,545</u>	<u>          73,545</u>
	<u>\$ 55,049</u>	<u>\$           -</u>	<u>\$ 73,545</u>	<u>\$ 128,594</u>
<u>December 31, 2022</u>				
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Trading securities - dealing - Domestic emerging stocks	\$ 37,529	\$           -	\$           -	\$ 37,529
Trading securities - underwriting - Bonds	6,551	-	-	6,551
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic investments - unlisted shares	<u>                    -</u>	<u>                    -</u>	<u>          63,111</u>	<u>          63,111</u>
	<u>\$ 44,080</u>	<u>\$           -</u>	<u>\$ 63,111</u>	<u>\$ 107,191</u>

There were no transfers between Levels 1 and 2 in the years ended December 31, 2023 and 2022.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2023

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2023	\$ 63,111
Unrealized gain (loss) of financial assets at FVTOCI	<u>10,434</u>
Balance at December 31, 2023	<u>\$ 73,545</u>

For the year ended December 31, 2022

<b>Financial Assets</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>
Balance at January 1, 2022	\$ 49,608
Purchase	6,821
Unrealized gain (loss) of financial assets at FVTOCI	<u>6,682</u>
Balance at December 31, 2022	<u>\$ 63,111</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of investments in domestic unlisted shares are measured using the market multiple valuation technique, which is based on the transaction prices of shares of comparable companies in an active market and the corresponding net value multiplier, taking into consideration the liquidity discount ratio. The main significant unobservable input value is the liquidity discount.

If possible reasonable change in the discount for lack of marketability assumptions will occur and all other inputs will remain constant, the fair value of the investments would increase (decrease) as follows:

<b>Significant Unobservable Input</b>	<b>Range of Changes</b>	<b>December 31</b>	
		<b>2023</b>	<b>2022</b>
		<b>Affected Amount</b>	
Discount for lack of marketability	10% increase	\$ (6,724)	\$ (2,477)
	10% decrease	5,835	49

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 55,049	\$ 44,080
Financial assets at amortized cost (1)	24,987,939	18,228,070
Financial assets at FVTOCI		
Equity instruments	73,545	63,111
<u>Financial liabilities</u>		
Amortized cost (2)	20,168,341	13,645,121

1) The balances include financial assets at amortized cost, which comprise cash and cash

equivalents, margin loans receivable, customer margin accounts, trade receivables, securities business borrowing and lending, securities business borrowing and lending - unrestricted purposes, other receivables, other financial assets-current, collected payment of shares underwritten, operating deposits, settlement funds and refundable deposits.

- 2) The balances include financial liabilities at amortized cost, which comprise short-term loans, short-term bills payable, securities financing refundable deposits, deposits payable for securities financing, future traders' equity, collection payable - collected payment of shares underwritten, trade and other payables (business tax not included).

d. Financial risk management objectives and policies

1) Risk management system

a) Risk management policies

The purpose of SKIS risk management policies is to build culture concern about risk management, and use qualitative and quantitative measurement results as a basis for business plan and risk management monitoring.

b) Risk management organization

The organizational structure of SKIS includes the board of directors, risk management committee, risk management department, and all other business departments.

The board of directors is the highest level in the risk management function and takes the full responsibility for risk management issues and to examine policies and standards and establish risk management system. In addition, every business department monitor, measure, and assesses various risks according to risk management standards. Law compliance department and internal auditing department is responsible for the independent review of risk management.

c) Risk management procedures

SKIS's risk management procedures, including risk identification, evaluation, monitoring and reporting, and takes appropriate measures to control. According to the risk management policies, SKIS make risk management procedures, which mainly include market risks, credit risks, liquidity risks, and operational risks (law risks). The principle of risks are as follows:

i. Market risk

According to the restrictions of the law and the authorization of the board of directors, the amount of the upper limit (e.g. dealing and underwriting) is set, and the early warning and stop loss mechanism are determined according to the characteristics of the products. Measure and monitor the risk according to the procedures of each business department. Through the after-hours analysis, control the transaction status of the transaction risk. In order to ensure complete and in-depth control of market risk, SKIS regularly conducts stress tests and implements risk management.

ii. Credit risk

Credit risk exposure by SKIS including issuer's credit risk and counterparty credit risk. The former is the risk that the financial institution which is deposit by SKIS may default, because SKIS dealing business with many domestic financial institutions which has good credit, and there is no significant concentration situation. The credit risk management is follow to rule. The latter mainly comes from the brokerage business, including credit risk arising from customers' failure to fulfill delivery obligations and securities lending or borrowing. If the market encounters sudden and serious incidents, resulting in insufficient market depth or disorder, and resulting in significant losses in the customer's holding portion, further implicating SKIS's direct or indirect risks. In order to prevent the above situation, SKIS has set up rules for the risk management of brokerage, supplemented by dynamic monitoring of the market, and regularly monitors.

In order to reduce the credit risk of the counterparty (customer), the business unit measures the financial and credit status of the counterparty before the transaction, and confirms the legality of the transaction. Then set the credit limit according to the customer's financial strength, and implement credit rating management. Regular or irregular inspection of customer credit portions after the transaction. Low liquidity shares, high risk shares and securities lending or borrowing warning indicators as the focus of credit risk control.

In addition, for counterparties, other than regularly reviewing their credit status, they also manage credit risk through the following measures: New credit exposure limit, credit limit shorten, add collateral to enhance credit.

### iii. Liquidity risk

SKIS liquidity risk management covers the source of funds, capital utilization and gap management.

- i) For the source of funds, SKIS ensuring the stability and dispersion of the source of funds, maintaining a sufficient amount at any time, and effectively respond to the risk of fluctuations in unanticipated capital supply.
- ii) For the use of funds, SKIS assessing investment income, ensure its liquidity and safety to effectively respond to the unexpected needs of funds.
- iii) To manage the funding gaps of every period, SKIS arrangement of the source and use of funds, simulated the possible future funding gaps and capital planning, ensure that the sources of funds needed to maintain normal operations are safe.
- iv) The finance department prepares relevant management statements and inform the risk management unit in accordance with the operating rules for liquidity risk management. Which is to ensure the safety and stability of the operating funds.

### iv. Legal and operational risk

Legal and operational risk management is divided into preventive control and post-clearance review based on nature and accountability. Preventive control can prevent irreparable damage, such as keep focus on the regulations modify and the

impact for company. Post-clearance review whether the business unit performs business according to the operation regulations, and suggest improvements for each business, review loss of operational risk, and review the standard operating procedures of each unit.

SKIS managed by the internal regulations, which review and adjustment for the existing business regularly. If a new type of business is planned or the operating environment changes, the law will be followed, and the risk management will modify and assessment.

#### v. Climate risk

To effectively manage climate change issues, SKIS established a climate risk management team to analyze the impact of climate-related risks on finance, strategy, operations, products and investments in the short, medium and long term. By measuring the impact of climate change on SKIS physical risk and transformation risk, SKIS made a plan and appropriate procedures in place to assess and manage the climate-related risks associated with the subject of the investment. An additional review mechanism is desirable for investment targets involving higher climate-related risks.

### 2) Market risk analysis

Market risk is the uncertainty of changes in fair value of in- and off-balance-sheet financial instruments due to changes in market risk factors. Market risk factors include interest rates, exchange rates, equity security prices, and commodity prices. Except listed shares, convertible bonds and emerging market shares hold by underwriting, and emerging market shares hold by dealing. In general, SKIS does not hold high portion of listed shares and convertible bonds, therefore, market risk is mainly derived from fluctuations in emerging market shares.

In order to control market risks, SKIS compliance with regulations and sets risk limits from board of directors. According to the analysis of the overall economy, industry and the financial status of individual companies, are provided for the investment decisions. Take into account the fundamentals and technical aspects of the stock market, and the supply and demand relationship of the market, also monitor the risk exposure through the mechanism of stop-loss of SKIS.

### 3) Credit risk analysis

SKIS's credit risk arises from derivatives transactions and securities investment, it can be divided into categories such as issuer risk and counterparty risk as follows:

- a) Issuer risk is the credit risk that stock issuers go into liquidation or are unable to pay back money when debt, bills and other securities mature.
- b) Counterparty risk is the credit risk that the counterparty undertaking derivatives or transactions are unable to fulfill settlement obligations.

SKIS's demand deposits, short-term bills payable, other refundable deposits and trade receivable have credit risk.

a) Credit risk concentration

SKIS is mainly engaged in brokerage business and the customers are scattered. To avoid the concentration of credit risks, SKIS controls the transaction risk of the brokerage business and controls the transaction amount according to the customer's financial status. For holding debt instruments or deposits, SKIS has already traded with a number of financial institutions to diversify risks and design monitor system for every financial institutions. Therefore, SKIS has not concentration of credit risk.

b) Credit risk quality

SKIS financial assets can be divided into categories including not past due and not impaired, past due but not impaired, impaired and impaired reserve.

As table below, all of SKIS financial assets are not past due and not impaired, which comprise cash and cash equivalents, customer margin accounts and other refundable deposits, Its credit risk is low risk, indicating that it can maintain its financial commitment performance ability even in the face of significant uncertainties or exposure to adverse conditions. For receivable, the proportion of trade receivables and margin loans receivable is relatively high, the credit risk of each financial asset is as follows:

i. Cash and cash equivalents

Which mainly comprise time deposits, checking accounts and demand deposits, and commercial papers.

ii. Customer margin accounts

According to the regulations of the authority, the customer margin accounts shall be deposited in banks with credit rating above a certain level, and separate accounts shall be set up and stored separately from their own assets.

iii. Other refundable deposits

Which mainly comprise operating deposits, settlement funds and refundable deposits. Operating deposits deposited in a bank with good credit. Settlement funds as stipulated in the Rules Governing Securities Firms, all brokers should place settlement funds with the Taiwan Stock Exchange.

iv. Other financial assets

Time deposits with original maturities of more than 3 months, deposited in a bank with good credit ratings.

v. Trade receivables

It is the creditor's rights arising from the securities business, including the transaction price of the sale of the operating securities, the financing interest receivable from the credit transaction, the receivables arising from the business of

the securities being purchased and the purchase or holding by the customer. Securities are secured loans, etc.

vi. Margin loans receivable

The market fluctuation and loss of credit trading customers, which makes securities have credit loss from counterparty. SKIS has strictly monitored the market fluctuation and counterparty credit status, and implemented relevant control according to regulations to minimize credit risk.

vii. Securities business borrowing and lending - unrestricted purposes

**Credit Risk Quality of Financial Assets**

**(In Thousands of New Taiwan Dollars)**

December 31, 2023

<b>Financial Assets</b>	<b>Not Past Due and Not Impaired</b>	<b>Past Due But Not Impaired</b>	<b>Impaired</b>	<b>Impaired Reserve</b>	<b>Total</b>
Cash and cash equivalents	\$ 562,568	\$ -	\$ -	\$ -	\$ 562,568
Customer margin accounts	1,726,956	-	-	-	1,726,956
Collected payment of shares underwritten	17,088	-	-	-	17,088
Operating deposits	226,500	-	-	-	226,500
Settlement funds	83,121	-	-	-	83,121
Refundable deposits	3,566	-	-	-	3,566
Restricted long-term assets - current	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,000</u>
	<u>2,679,799</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,679,799</u>
Receivable					
Margin loans receivable	9,926,738	-	-	-	9,926,738
Trade receivables	5,244,349	-	-	-	5,244,349
Securities business borrowing and lending - unrestricted purposes	6,504,079	-	-	-	6,504,079
Other receivables	35,030	-	-	-	35,030
Securities business borrowing and lending	<u>6,042</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,042</u>
	<u>21,716,238</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,716,238</u>
Other financial assets					
Time deposits	\$ 476,400	\$ -	\$ -	\$ -	\$ 476,400
Refinancing margin	7,778	-	-	-	7,778
Refinancing deposit receivable	6,415	-	-	-	6,415
Other receivables - related	1,309	-	-	-	1,309
Stock borrowing margin	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
	<u>591,902</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>591,902</u>
	<u>\$24,987,939</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$24,987,939</u>

(Concluded)

## Credit Risk Quality of Financial Assets

(In Thousands of New Taiwan Dollars)

December 31, 2022

Financial Assets	Not Past Due and Not Impaired	Past Due But Not Impaired	Impaired	Impaired Reserve	Total
Cash and cash equivalents	\$ 533,792	\$ -	\$ -	\$ -	\$ 533,792
Customer margin accounts	1,810,738	-	-	-	1,810,738
Collected payment of shares underwritten	396,399	-	-	-	396,399
Operating deposits	226,500	-	-	-	226,500
Settlement funds	84,336	-	-	-	84,336
Refundable deposits	4,456	-	-	-	4,456
Restricted long-term assets - current	60,000	-	-	-	60,000
	<u>3,116,221</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,116,221</u>
Receivable					
Margin loans receivable	6,488,985	-	-	-	6,488,985
Trade receivables	3,418,916	-	-	-	3,418,916
Securities business borrowing and lending - unrestricted purposes	4,653,309	-	-	-	4,653,309
Other receivables	30,666	-	-	-	30,666
Securities business borrowing and lending	12,243	-	-	-	12,243
	<u>14,604,119</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,604,119</u>
Other financial assets					
Time deposits	282,400	-	-	-	282,400
Refinancing margin	13,995	-	-	-	13,995
Refinancing deposit receivable	10,059	-	-	-	10,059
Other receivables - related	1,276	-	-	-	1,276
Stock borrowing margin	200,000	-	-	-	200,000
	<u>507,730</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>507,730</u>
	<u>\$18,228,070</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$18,228,070</u>

### 4) Liquidity risk analysis

#### a) The definition of liquidity risk

Liquidity risk is the potential loss that SKIS may suffer due to inability to liquidate assets or raise enough funds in reasonable time to perform obligations when due and to meet the demands of assets growth. Inability to liquidate current assets at reasonable price or raising funds to fulfill funding gap with price higher than the reasonable one.

#### b) Liquidity risk management policy

In order to maintain the running of the SKIS's daily capital, and ensure the safety and liquidity of capital use. The financial department as an independent unit for funding and monitoring.

According to the transactions with financial institutions, the finance department uses the remaining funds appropriately. SKIS implements funding gap management of various term structures in order to efficiently control unexpected fund dispatching, and also prepare funding liquidity risk report for management purpose.

#### c) Liquidity risk for non-derivative financial liabilities

SKIS relies on bank borrowings and short-term bills payable as a significant source of liquidity, SKIS had available unutilized bank loan unused facilities \$115.82 billion and \$161.5 billion as of December 31, 2023 and 2022, respectively.

The following table details SKIS's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which SKIS can be required to pay. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

### Contractual Maturities for Its Non-derivative Financial Liabilities

(In Thousands of New Taiwan Dollars)

December 31, 2023

Financial Liabilities	Repayment Periods					Total
	On Demand	Less than 3 Months	3-12 Months	1-5 Years	5+ Years	
Short-term loans	\$ -	\$ 1,775,000	\$ -	\$ -	\$ -	\$ 1,775,000
Short-term bills payable	-	4,855,000	-	-	-	4,855,000
Securities financing refundable deposits	1,208,389	-	-	-	-	1,208,389
Deposits payable for securities financing	1,310,746	-	-	-	-	1,310,746
Future traders' equity	1,726,551	-	-	-	-	1,726,551
Payables						
Trade payables	5,093,870	-	-	-	-	5,093,870
Other payables	11,131	225,759	459,691	-	-	696,581
Collection payable - collected payment of shares underwritten	16,934	-	-	-	-	16,934
Lease liabilities	-	2,260	6,511	34,300	17,357	60,428
Long term liabilities due within one year	-	-	500,000	-	-	500,000
Long-term bills payable	-	-	-	3,000,000	-	3,000,000
Cash outflow	<u>\$ 9,367,621</u>	<u>\$ 6,858,019</u>	<u>\$ 966,202</u>	<u>\$ 3,034,300</u>	<u>\$ 17,357</u>	<u>\$ 20,243,499</u>

### Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 8,771</u>	<u>\$34,300</u>	<u>\$17,357</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## Contractual Maturities for Its Non-derivative Financial Liabilities

(In Thousands of New Taiwan Dollars)

December 31, 2022

Financial Liabilities	Repayment Periods					Total
	On Demand	Less than 3 Months	3-12 Months	1-5 Years	5+ Years	
Short-term loans	\$ -	\$ 1,175,000	\$ -	\$ -	\$ -	\$ 1,175,000
Short-term bills payable	-	2,500,000	500,000	-	-	3,000,000
Securities financing refundable deposits	1,882,667	-	-	-	-	1,882,667
Deposits payable for securities financing	1,622,158	-	-	-	-	1,622,158
Future traders' equity	1,810,188	-	-	-	-	1,810,188
Payables						
Trade payables	3,173,080	-	-	-	-	3,173,080
Other payables	11,246	545,914	40,400	-	-	597,560
Collection payable - collected payment of shares underwritten	396,384	-	-	-	-	396,384
Lease liabilities	-	2,618	7,244	36,305	24,341	70,508
Cash outflow	<u>\$ 8,895,723</u>	<u>\$ 4,223,532</u>	<u>\$ 547,644</u>	<u>\$ 36,305</u>	<u>\$ 24,341</u>	<u>\$ 13,727,545</u>

### Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 9,862</u>	<u>\$36,305</u>	<u>\$24,341</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

#### d) Stress test of liquidity risk

A stress test is applied to measure loss under extremely unfavorable market circumstances in order to assess financial institutions' tolerance to extreme market volatility. The stress scenario includes market volatility, various credit events and unforeseen financial market liquidity tightening, etc., which may generate capital liquidity stress. With the change of the positive and negative fund gaps in each period.

With funding gap in a stress test, the financial unit will report the results to the risk management team, if necessary, prevent the occurrence of stressful events by the following procedures:

- i. Disposal of current assets, lower the market unfavorable price risk.
- ii. Adjusting (restricting or suspending) the funding requirements of certain operations.
- iii. Disposal of current assets and long-term investments, acquisition of capital.
- iv. Capital increase or other financing methods.
- v. Obtain capital from parent company or subsidiaries.

#### e. Capital risk management

Under the rules governing securities firms and related regulations, the capital adequacy ratio of

a securities firm should be at least 250% to ensure its stability, business scale, business plan, capital increase plan, as well as maintain the health of the securities markets.

The management procedures of SKIS's capital adequacy are as follows:

- 1) Relevant departments are required to calculate, monitor, and analyze SKIS's capital adequacy monthly.
- 2) Simulate the capital adequacy result and provide to relevant departments based on the assumptions of the business plan, policy directions, investment strategy and other material impacts.
- 3) When the capital adequacy is lower than the standard as required, the relevant departments should report to the board of directors or the Chief Executive Officer and may start to plan on the resolutions. Any major decisions should first be approved by the board of directors before implementation.
  - a) Capital increase.
  - b) Adjustment of business strategies.

Capital adequacy ratio of SKIS:

December 31, 2023

Item	December 31, 2023
Eligible capital	
Tier 1 capital	\$ 5,497,288
Tier 2 capital	25,750
Tier 3 capital	-
Minus assets	<u>(418,422)</u>
Total net eligible capital	<u>\$ 5,104,616</u>
Equivalent amount of operating risk	
Equivalent amount of market risk	\$ 29,145
Equivalent amount of credit risk	469,818
Equivalent amount of operating risk	<u>359,519</u>
Total equivalent amount	<u>\$ 858,482</u>
Capital adequacy ratio	595%

December 31, 2022

Item	December 31, 2022
Eligible capital	
Tier 1 capital	\$ 5,133,029
Tier 2 capital	21,055
Tier 3 capital	-
Minus assets	<u>(414,534)</u>
Total net eligible capital	<u>\$ 4,739,550</u>
Equivalent amount of operating risk	
Equivalent amount of market risk	\$ 23,470
Equivalent amount of credit risk	206,886
Equivalent amount of operating risk	<u>308,997</u>
Total equivalent amount	<u>\$ 539,353</u>
Capital adequacy ratio	879%

Note 1: Capital adequacy ratio = Net eligible capital ÷ Equivalent amount of operating risk.

Note 2: Net eligible capital = Tier 1 capital + Tier 2 capital + Tier 3 capital - assets.

Note 3: Equivalent amount of operating risk = Equivalent amount of market risk + Equivalent amount of credit risk + Equivalent amount of operating risk.

#### 47. ACCORDING TO REGULATIONS GOVERNING FUTURES COMMISSION MERCHANTS, FINANCIAL RATIOS OF FUTURES BUSINESS

##### Shinkong International Securities Co., Ltd. - Futures Division

##### Law: Regulations Governing Futures Commission Merchants

Rule No.	Formula	December 31, 2023		December 31, 2022		Standard	Status of Compliance with Standard
		Formula	Ratio	Formula	Ratio		
17	Total equity (Total liabilities - customers' equity accounts - futures)	\$580,390 \$1,751,262-\$1,726,551	23.49	\$512,907 \$1,836,229-\$1,810,188	19.70	≧ 1	Met
17	Total current assets Total current liabilities	\$2,252,258 \$1,749,637	1.29	\$2,270,936 \$1,833,592	1.24	≧ 1	Met
22	Total equity Capital stock (Note)	\$580,390 \$320,000	181.37%	\$512,907 \$320,000	160.28%	≧ 60% ≧ 40%	Met
22	Adjusted net capital Client and proprietary account	\$578,598 \$424,954	136.16%	\$509,819 \$423,101	120.50%	≧ 20% ≧ 15%	Met

Note: Capital stock should compliance the Standards Governing the Establishment of Futures Commission Merchants. Shinkong International Securities Co., Ltd. follows the principle to compute the paid-in capital or allocates exclusively earmarked operating capital.

#### **48. FUTURES BROKERAGE AND DEALING BUSINESS RISK**

Customers have to deposit an initial margin at a percentage of the amount of transaction when entering into futures contracts with the futures department of Shinkong International Securities. Customers' gains or losses result from the leverage on the margin deposits. For the protection of Shinkong International Securities from harm arising from customers' huge losses, the margin accounts of customers are reevaluated daily on the basis of the market prices of the outstanding futures contracts. When the customers' margin accounts fall below an agreed level (the maintenance margin), Shinkong International Securities will ask its customers to deposit additional margins immediately. If the customers fail to do so, Shinkong International Securities settles their position by making offsets against their contracts.

#### **49. SEPARATELY DISCLOSED ITEMS**

a. Information about significant transactions:

- 1) Financing provided to others (Tables 7 and 13)
- 2) Endorsements/guarantees provided (Tables 1 and 8)
- 3) Marketable securities held (Tables 2, 9 and 14)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 3 and 10)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Tables 4, 11, and 15)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Tables 5, 12 and 16)
- 9) Trading in derivative instruments (Note 8)
- 10) Intercompany relationships and significant intercompany transactions (Table 17)

b. Information on investees (Tables 6 and 18)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 19)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 20):
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
  - c) The amount of property transactions and the amount of the resultant gains or losses.
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
  - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
  - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 21)

## 50. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were polyester, finance and securities, optronics and others.

### Segment Revenue and Results

	For the Year Ended December 31, 2023				
	Polyester	Finance and Securities	Optronics	Others	Total
Revenue	<u>\$ 28,197,129</u>	<u>\$ 5,435,582</u>	<u>\$ 5,850,986</u>	<u>\$ 81,443</u>	<u>\$ 39,565,140</u>
Profit before income tax	<u>\$ 254,677</u>	<u>\$ 1,632,830</u>	<u>\$ (394,426)</u>	<u>\$ 7,750</u>	<u>\$ 1,500,831</u>

<b>For the Year Ended December 31, 2022</b>					
	<b>Polyester</b>	<b>Finance and Securities</b>	<b>Optronics</b>	<b>Others</b>	<b>Total</b>
Revenue	<u>\$ 35,060,749</u>	<u>\$ 4,788,239</u>	<u>\$ 6,015,747</u>	<u>\$ 102,938</u>	<u>\$ 45,967,673</u>
Profit before income tax	<u>\$ 3,114,777</u>	<u>\$ 1,656,888</u>	<u>\$ (91,389)</u>	<u>\$ 13,769</u>	<u>\$ 4,694,045</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the years ended December 31, 2023 and 2022.

Segment profit represented the profit before tax earned by each segment. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

### **Segment Total Assets**

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Segment assets</u>		
Polyester	\$ 42,981,000	\$ 40,957,014
Finance and securities	139,499,651	127,693,809
Optronics	9,677,827	10,233,903
Others	<u>2,885,050</u>	<u>2,846,348</u>
Total segment assets	<u>\$195,043,528</u>	<u>\$181,731,074</u>

### **Geographical Information**

The Group operates in two geographical areas - Asia. The main operating activities related to research, manufacture and sale of polyester chip and polyester film. The revenue and non-current assets in Asia were more than 90% of the total balance of revenue and non-current assets from continuing operations for both 2023 and 2022. Based on materiality consideration, the Group did not distinguish them in detail.

### **Information about Major Customers**

Included in revenue of \$39,565,140 thousand and \$45,967,673 thousand in 2023 and 2022, respectively, was revenue of approximately \$3,797,837 thousand and \$4,503,291 thousand which arose from sales to the Group's largest customer A.

TABLE 1

SHINKONG SYNTHETIC FIBERS CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Shinkong Synthetic Fibers Corporation	Tac Bright Optronics Corp.	2	Note C	\$ 1,414,194	\$ 1,311,628	\$ 566,061	\$ -	3.61	Note E	Y	-	-	
		Pan Asian Plastics Industry Corp.	2	Note C	850,000	100,000	-	-	0.28	Note E	Y	-	-	
		Hsingshing Investment Co., Ltd.	2	Note C	700,000	500,000	-	-	1.38	Note E	Y	-	-	
		Shin Chiun Industrial Co., Ltd.	2	Note C	330,000	230,000	-	-	0.63	Note E	Y	-	-	
		Shinkong Engineering Co., Ltd.	2	Note C	200,000	130,000	44,000	-	0.36	Note E	Y	-	-	

Note A: The intercompany transactions between the Company and its subsidiaries or among subsidiaries are numbered as follows:

- 1. Parent company: 0.
- 2. Subsidiaries are numbered from 1.

Note B: Relationships between the endorsement/guarantee provider and the guaranteed party can be classified as the following 7 category:

- 1. A company with which it does business.
- 2. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
- 3. A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
- 4. Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
- 5. The Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- 6. All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
- 7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note C: The limits on domestic endorsement or guarantee amount provided to each guaranteed party = Net equity \$36,351,083 thousand x 20% = \$7,270,217 thousand.

Note D: The limits on foreign endorsement or guarantee amount provided to each guaranteed party = Net equity \$36,351,083 thousand x 30% = \$10,905,325 thousand.

Note E: The total amount of endorsement or guarantee that the Company is allowed to provide = Net equity \$36,351,083 thousand x 50% = \$18,175,542 thousand.

TABLE 2

## SHINKONG SYNTHETIC FIBERS CORPORATION

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Shinkong Synthetic Fibers Corporation	Fund beneficiary certificate							
	Shin Kong Hang Seng TECH Index Fund	Related party in substance	Financial assets at FVTPL - current	500,000	\$ 2,055	-	\$ 2,055	
	Shares							
	Hsin Ba Corporation	None	Financial assets at FVTOCI - current	12	\$ 1	-	\$ 1	
	The Great Taipei Gas Corporation	Related party in substance	"	20,213,826	660,992	3.91	660,992	
					\$ 660,993		\$ 660,993	
	Limited partnership funds							
	Renaissance Capital Limited Partnership	None	Financial assets at FVTPL - non-current	6.41	\$ 50,224	6.41	\$ 50,224	
	Whitesun Capital Limited Partnership	None	"	2.50	13,500	2.50	13,500	
					\$ 63,724		\$ 63,724	
	Shares							
	Overseas Investment & Development Corp.	None	Financial assets at FVTOCI - non-current	4,000,000	\$ 50,800	4.44	\$ 50,800	
	Li Yu Venture Capital Investment Corp.	None	"	174,455	2,770	1.49	2,770	
	Shin Kong Chao Feng Ranch & Resort Corporation	Related party in substance	"	200,000	31,199	2.22	31,199	
	PC Home Venture Fund Corp	None	"	78,540	1,306	3.03	1,306	
	Budworth Investment Limited	None	"	45,500	-	5.00	-	
	Great Taipei Broadband Co., Ltd.	Related party in substance	"	2,500,000	7,525	1.67	7,525	
	Zacros Taiwan Co., Ltd.	None	"	10,000,000	84,895	9.44	84,895	
	Wave-In Communication Inc.	None	"	2,503,142	33,842	13.04	33,842	
	Shin Kong iEcofun Corporation	None	"	1,327,736	7,701	18.81	7,701	
	IIH Birmedical Venture Fund I Co., Ltd.	None	"	3,000,000	46,061	4.85	46,061	
	Pro Union Motor Co., Ltd.	None	"	6,875,951	237,022	21.04	237,022	
	Pro Motor Co., Ltd.	None	"	4,287,288	156,444	16.13	156,444	
	Pro Rental & Leasing Co., Ltd.	None	"	5,277,251	208,761	18.93	208,761	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Shares							
	Green Life Technology Corporation	None	Financial assets at FVTOCI - non-current	10,000,000	\$ 1,300	6.54	\$ 1,300	
	Earthbook Inc.	None	"	3,600,000	2,412	8.67	2,412	
	Research Innovation Capital Corporation	None	"	5,000,000	24,572	14.88	24,572	
	Taiwan Cement Corp.	None	"	9,258,649	322,664	0.13	322,664	
	Shin Kong Textile Co., Ltd	Related party in substance	"	28,378,958	1,359,352	9.46	1,359,352	
	Shin Kong Financial Holding Co., Ltd.	Related personnel with the Company's chairman	"	172,550,238	1,527,070	1.11	1,527,070	
	Taishin Financial Holding Co., Ltd.	Related personnel with the Company's chairman	"	141,305,541	2,557,630	1.13	2,557,630	
	Century Development Corporation	None	"	12,334,854	229,512	3.52	229,512	
	Universal Venture Capital Investment Corporation	None	"	5,600,000	43,960	4.65	43,960	
	O-Bank Co., Ltd.	None	"	25,762,308	257,108	0.94	257,108	
	Evergreen Steel Corp.	None	"	890,000	92,560	0.21	92,560	
	Shin Kong Mitsukoshi Department Store Co., Ltd.	Same chairman with the Company	"	24,401,636	<u>881,143</u>	1.96	<u>881,143</u>	
					<u>\$ 8,167,609</u>		<u>\$ 8,167,609</u>	

(Concluded)

**TABLE 3**

**SHINKONG SYNTHETIC FIBERS CORPORATION**

**MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty (Note A)	Relationship (Note A)	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Shinkong Synthetic Fibers Corporation	Ordinary shares of Shinkong Polyester Film Corp., Ltd.	Investments accounted for using the equity method	Shinkong Polyester Film Corp., Ltd.	Subsidiaries	85,992,425	\$ 1,103,047	50,000,000	\$ 500,000	-	\$ -	\$ -	\$ -	85,992,425 (Note B)	\$ 1,603,047

Note A: These two columns need to be filled for marketable securities recognized as investments accounted for using the equity method.

Note B: In August 2023, Shinkong Polyester Film Corp., Ltd. reduced \$500,000 thousand (50,000,000 shares) for capital reduction to cover accumulated deficits; and issued ordinary shares of \$500,000 thousand (50,000,000 shares) in cash.

**TABLE 4**

**SHINKONG SYNTHETIC FIBERS CORPORATION**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Shinkong Synthetic Fibers Corporation	Thai Shinkong Industry Corporation Ltd. Shinkong Polyester Film Corp., Ltd.	Investments accounted for using the equity method	Purchase	\$ 1,812,724	10.28	Note	Note	Note	Accounts payable \$ (231,897)	(19.05)	
		Investments accounted for using the equity method	Sale	(1,418,207)	(6.50)	"	"	"	Accounts receivable 511,812	21.20	
	Pan Asian Plastics Industry Corp.	Investments accounted for using the equity method	Sale	(613,922)	(2.81)	"	"	"	Other receivables 3,212	1.33	
						"	"	"	Accounts receivable 141,143	5.85	
	Shinpont Industry Inc.	Investments accounted for using the equity method	Sale	(108,587)	(0.50)	"	"	"	Other receivables 12,880	5.34	
						"	"	"	Accounts receivable 8,203	0.34	
	Topbottle Resources Technology Corporation	Associate	Purchase	339,122	1.92	According to the contract signed by both parties	According to the contract signed by both parties	According to the contract signed by both parties	Other receivables 32,516	13.49	
									Accounts payable (15,716)	(1.29)	

Note: Please refer to Table 17.

**TABLE 5**

**SHINKONG SYNTHETIC FIBERS CORPORATION**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**  
**DECEMBER 31, 2023**  
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Shinkong Synthetic Fibers Corporation	ShinKong Polyester Film Corp., Ltd.	Investments accounted for using the equity method	Accounts receivable \$ 511,812	2.99	\$ -	-	\$ 321,789	\$ -
	Pan Asian Plastics Industry Corp.	Investments accounted for using the equity method	Accounts receivable 141,143	3.43	-	-	79,374	-

TABLE 6

SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
Shinkong Synthetic Fibers Corporation	Pan Asian Plastics Corp.	Taipei City	Manufacturing and sales of polyester pellets and polyester preforms	\$ 363,024	\$ 363,024	50,569,938	100.00	\$ 2,208,438	\$ 46,047	\$ 51,645	
	Hsingshing Investment Co., Ltd.	Taipei City	Investment, construction of business building, and public housing.	1,318,000	1,318,000	160,900,000	100.00	1,751,440	11,031	10,111	
	Shinkong Engineering Co., Ltd.	Taipei City	Contracting for various projects such as air pollution prevention, piping engineering and machine installation	665,095	665,095	38,543,818	100.00	571,636	12,807	12,807	
	Shinpont Industry Inc.	Taipei City	Synthetic fibers manufacturing, textiles wholesale and retail	252,540	252,540	25,245,000	49.99	513,079	187,100	93,528	
	Shin Chiun Industrial Co., Ltd.	Taipei City	Construction of incinerators	715,000	715,000	83,800,000	100.00	888,843	9,787	9,787	
	Maxima Pacific Ltd.	British Virgin Islands	Investment	-	363,047	78,055	100.00	1,974,872	14,267	14,267	
	SSFC Investment Ltd.	British Virgin Islands	Investment	375,467	375,467	191,472	100.00	2,751,595	139,546	139,090	
	UBright Optronics Corp.	Taoyuan City	Precision chemical materials and mold manufacturing wholesale, etc.	670,481	657,225	45,679,828	56.40	1,871,860	339,544	192,753	
	Shinkong Polyester Film Corp., Ltd.	Taipei City	Electronic parts and components manufacturing	1,603,047	1,103,047	85,992,425	100.00	438,300	(625,199)	(625,199)	
	Shinkong International Securities Co., Ltd.	Taipei City	Consignment trading of securities and futures	1,210,370	1,210,370	118,072,262	77.73	4,334,190	1,011,179	785,992	
	Tai Jin Investment Co., Ltd.	Taipei City	Investment	3,505	3,505	1,111,315	48.57	7,183	(2)	(1)	
	Pan Asian Plastics Industry Corp.	Taipei City	Manufacturing and sales of polyester pellets and polyester preforms	700,000	700,000	53,964,955	100.00	546,782	(2,101)	(1,453)	
	Tac Bright Optronics Corp.	Miaoli County	Precision chemical materials - synthetic resin and plastic manufacturing	2,740,086	2,740,086	263,586,455	56.86	1,187,738	(198,401)	(112,803)	
	Shin Kong Technologies Corporation	Taipei City	Electronic information software business	30,528	30,528	3,263,250	100.00	33,221	1,545	1,481	
	Taipei Star Bank	Taipei City	Commercial bank	1,131,535	1,131,535	84,968,278	27.07	1,482,380	113,134	30,621	
	Chi Jian Human-Resource & Management Co., Ltd.	Taoyuan City	Human resources management consulting	5,000	5,000	(Note)	100.00	5,480	(85)	274	
	Hsinshin Asset Management Co., Ltd.	Taipei City	Housing and building development for sale and rental	50,000	50,000	5,370,000	100.00	63,367	3,546	3,546	
	Shin Kong International Leasing Corp.	Taipei City	Leasing	1,282,000	1,082,000	130,000,000	100.00	1,458,209	110,038	110,038	
	OTOBUY Co., Ltd.	Taipei City	Other machinery equipment manufacturing	6,000	6,000	600,000	60.00	3,689	(1,526)	(916)	
	Shin Kong Applied Materials Co., Ltd.	Taipei City	Other chemical materials manufacturing	11,000	11,000	1,100,000	73.33	5,922	(546)	(400)	
	Topbottle Resources Technology Corporation	Tainan City	Manufacturing of synthetic materials and plastic product	15,000	15,000	1,488,000	20.00	17,583	(28,464)	(5,693)	
	Far Trust International Finance Co., Ltd.	New Taipei City	Overdue receivables management service	356,250	356,250	30,599,867	30.97	432,199	65,681	20,342	
	Ecofun Lab Corporation	Taoyuan City	Crop cultivation, wholesale of vegetables and fruits and retail sale of agricultural products	18,400	18,400	1,840,000	33.33	8,897	(7,598)	(2,577)	
	Shinsol Advanced Chemical Corporation	New Taipei City	Precision chemical material manufacturing	373,588	245,000	37,358,859	43.63	332,656	(57,267)	(25,867)	
	ShinKong Fintech Co., Ltd.	Taipei City	Information software service	50,000	50,000	5,000,000	100.00	48,922	(292)	(292)	
	Shinkong Youth Co., Ltd.	Taoyuan City	Manufacture and sale of chemical fiber and plastic related products	510,000	510,000	51,000,000	100.00	449,185	(41,317)	(41,317)	
	SHINKONG VIETNAM LLC.	Vietnam	Manufacture and sale of chemical fiber and plastic related products	84,652	84,652	(Note)	100.00	85,291	(224,482)	(288)	
	Thai Shinkong Industry Corporation Ltd.	Thailand	Manufacturing and sales of plastic, polyester film, and PET	2,344,736	2,344,736	117,499,997	62.04	2,365,240	(232,799)	(144,428)	
	Chi Teng Construction Co., Ltd	Taipei City	Housing and building development for sale and rental	5,000	-	500,000	100.00	4,950	(50)	(50)	
	SHINKONG VIETNAM ENTERPRISE COMPANY LIMITED	Vietnam	Wholesale Trade	16,206	-	(Note)	100.00	14,727	(272,922)	(351)	
SSFC INVESTMENT LTD.	Dayspring Ltd.	Hong Kong	Investment	US\$ 53,540	US\$ 53,540	374,485,659	100.00	RMB 401,322	RMB (6,937)	-	
	Shinkong Applied Materials (Jiangsu) Company Limited	China	Sale of synthetic materials, fibers and manufacturing of plastic product	US\$ 3,060	US\$ 3,060	(Note)	100.00	RMB 108,662	RMB 19,541	-	
Hsingshing Investment Co., Ltd.	Da Chun Universe Investment Co., Ltd.	Taichung City	Investment	9,000	9,000	(Note)	45.00	4,754	878	-	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
Tac Bright Optronics Corporation	MAXPRO LTD.	British Virgin Islands	Investment	\$ 1,743,557	\$ 1,743,557	54,204,000	100.00	\$ 1,590	\$ 1,565	\$ -	
MAXPRO LTD.	LOFO HOLDING GmbH	Germany	Investment	1,743,507	1,743,507	(Note)	100.00	1,600	-	-	
Shinkong International Securities Co., Ltd.	Shin Kong Investment Consultant Co., Ltd.	Taipei City	Securities investment consulting	20,000	20,000	2,000,000	100.00	30,201	1,258	-	
	Shin Kong Insurance Agent Co., Ltd.	Taipei City	Life insurance agent	3,000	3,000	2,000,000	100.00	46,607	12,053	-	
	Shin Kong Property Insurance Agency Co., Ltd.	Taipei City	Property insurance agent	2,997	2,997	1,000,000	100.00	23,791	6,327	-	
Shin Chiun Industrial Co., Ltd.	UBright Optronics Corp.	Taoyuan City	Precision chemical materials and mold manufacturing wholesale, etc.	96,317	96,317	1,587,081	1.96	116,005	339,544	-	
	Tac Bright Optronics Corp.	Miaoli County	Precision chemical materials - synthetic resin and plastic manufacturing	153,270	153,270	10,218,000	2.20	102,822	(198,401)	-	
	Intelligent Medical Big Data Co., Ltd.	Taipei City	Consulting, biotechnology research and development service	25,000	25,000	2,500,000	83.33	1,516	2,306	-	
Pan Asian Plastics Corp.	Tai Shin Leasing & Financial Co., Ltd.	Taipei City	Leasing	520,000	520,000	22,200,000	30.00	1,708,426	140,367	-	
	Hsin Lung Chemical Co., Ltd.	Taipei City	Manufacturing of magnetic tapes for recording and video disks and polyester film	338,509	338,509	4,689,900	93.80	553,718	(643)	-	
Shinkong Engineering Co., Ltd.	UBright Optronics Corp.	Taoyuan City	Precision chemical materials and mold manufacturing wholesale, etc.	36,906	36,906	1,038,000	1.28	43,244	339,545	-	
Shin Kong International Leasing Corp.	Far Trust International Finance Co., Ltd.	New Taipei City	Overdue receivables management service	211,578	211,578	19,814,183	20.06	262,640	65,681	-	
	Shinkong Power Service Corporation	Taipei City	Solar industry business	170,000	70,000	17,000,000	75.00	173,790	3,445	-	
	Jin Liang Power Service Co., Ltd.	Taipei City	Solar industry business	380,754	246,960	22,408,213	89.63	380,754	29,705	-	
	Shinkong Energy Service Corporation	Taipei City	Solar industry business	10,000	10,000	1,000,000	100.00	100,948	(3,989)	-	
Shinkong Energy Service Corporation		Chaiyi County	Solar industry business	40,500	-	4500,000	100.00	44,465	3,965	-	
Shin Kong Technologies Corporation	Shin Kong Innovations Co., Ltd.	Taipei City	Electronic information software business	2,000	2,000	2,000,000	66.67	3,114	883	-	
Far Trust International Finance Co., Ltd.	OTOBUY Co., Ltd.	Taipei City	Other machinery equipment manufacturing	4,000	4,000	400,000	40.00	2,460	(1,526)	-	
	Far Trust International Leasing Co., Ltd.	New Taipei City	Overdue receivables management service	200,000	200,000	20,000,000	100.00	218,188	9,432	-	
	Far Trust Car Rental Co., Ltd.	Taipei City	Car rental	50,000	25,000	5,000,000	100.00	47,745	21	-	
UBright Optronics Corp.	Rise Concept Enterprises Limited	Hong Kong	Investment	7,695	7,695	(Note)	100.00	(10,005)	2,052	-	
Rise Concept Enterprises Limited	Suzhou UBright Optronics Corp.	China	Brightness enhancement film cutting process	RMB 1,000	RMB 1,000	(Note)	100.00	1,897	2,647	-	

Note: The percentage of shareholding is calculated on the basis of the amount of capital contributed.

(Concluded)

SHINKONG SYNTHETIC FIBERS CORPORATION

FINANCING PROVIDED BY INVESTEES TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
1	Shin Kong International Leasing Corp.	Jin Liang Power Service Co., Ltd.	Other receivable	Yes	\$ 50,000	\$ 50,000	\$ -	4.125	2	\$ -	Operating capital	\$ -	None	\$ -	\$ 583,284 (Note B)	\$ 583,284 (Note B)	
		Shi Jie Corp.	Other receivable	No	7,800	-	-	5	2	-	Operating capital	-	None	-	583,284 (Note B)	583,284 (Note B)	
		Shinkong Power Service Corporation	Other receivable	Yes	70,000	70,000	-	4	2	-	Operating capital	-	None	-	583,284 (Note B)	583,284 (Note B)	
2	MAXIMA PACIFIC LTD.	SSFC INVESTMENT LTD.	Other receivable	Yes	713,350 (US\$ 22,000)	-	-	0.35-0.4	2	-	Operating capital	-	None	-	987,436 (Note C)	987,436 (Note C)	
3	Far Trust International Finance Co., Ltd.	Far Trust Car Rental Co., Ltd.	Other receivable	Yes	50,000	50,000	-	3	2	-	Operating capital	-	None	-	507,940 (Note D)	507,940 (Note D)	
		Far Trust International Leasing Co., Ltd.	Other receivable	Yes	100,000	100,000	20,000	3	2	-	Operating capital	-	None	-	507,940 (Note D)	507,940 (Note D)	
4	Shin Chiun Industrial Co., Ltd.	Intelligent Medical Big Data Co., Ltd.	Other receivable	Yes	3,000	-	-	1.5	2	-	Operating capital	-	None	-	355,537 (Note E)	355,537 (Note E)	
		Shin Kong International Leasing Corp.	Other receivable	Yes	250,000	250,000	-	2.1	2	-	Operating capital	-	None	-	355,537 (Note E)	355,537 (Note E)	
5	DAYSPRING LIMITED	Shinkong Synthetic Fibers Corporation	Other receivable	Yes	1,333,500 (RMB 300,000)	1,298,100 (RMB 300,000)	-	2.65-2.7	2	-	Operating capital	-	None	-	1,389,275 (Note F)	1,389,275 (Note F)	
6	UBright Optronics Corp.	Rise Concept Enterprises Limited	Other receivable	Yes	170,468 (US\$ 3,500)	170,468 (US\$ 3,500)	92,115 (US\$ 3,000)	0.8	2	-	Operating capital	-	None	-	674,835 (Note G)	1,349,669 (Note H)	

Note A: The intercompany transactions between the Company and its subsidiaries or among subsidiaries are numbered as follows:

1. Parent company: 0.
2. Subsidiaries are numbered from 1.

Note B: The financing limit for each borrower and total financing limit are 40% net equity of Shin Kong International Leasing Corp.

Note C: The financing limit for each borrower and total financing limit are 50% net equity of MAXIMA PACIFIC LTD.

Note D: The financing limit for each borrower and total financing limit are 40% net equity of Far Trust International Finance Co., Ltd.

Note E: The financing limit for each borrower and total financing limit are 40% net equity for Shin Chiun Industrial Co., Ltd.

Note F: The financing limit for each borrower and total financing limit are 80% net equity of Dayspring Ltd.

Note G: The financing limit for each borrower is 20% net equity for UBright Optronics Corp.

Note H: The total financing limit is 40% net equity for UBright Optronics Corp.

TABLE 8

SHINKONG SYNTHETIC FIBERS CORPORATION

INVESTEE’S ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
1	Far Trust International Finance Co., Ltd.	Far Trust International Leasing Co., Ltd.	2	(Note D)	\$ 2,250,000	\$ 2,250,000	\$ 2,120,592	\$ -	177.19	(Note E)	Y	-	-	

Note A: The intercompany transactions between the Company and its subsidiaries or among subsidiaries are numbered as follows:

- 1. Parent company: 0.
- 2. Subsidiaries are numbered from 1.

Note B: Relationships between the endorsement/guarantee provider and the guaranteed party can be classified as the following 7 category:

- 1. A company with which it does business.
- 2. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
- 3. A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
- 4. Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
- 5. The Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- 6. All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
- 7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note C: The limits on foreign endorsement or guarantee amount provided to each guaranteed party = Net equity \$1,269,850 thousand x 30% = \$380,955 thousand.

Note D: The limits on domestic endorsement or guarantee amount provided to each guaranteed party = Net equity \$1,269,850 thousand x 500% = \$6,349,250 thousand.

Note E: The total amount of endorsement or guarantee that the Company is allowed to provide = Net equity \$1,269,850 thousand x 500% = \$6,349,250 thousand.

**TABLE 9**

**SHINKONG SYNTHETIC FIBERS CORPORATION**

**MARKETABLE SECURITIES HELD BY THE INVESTEEs WHICH THE COMPANY HAS CONTROL**

**DECEMBER 31, 2023**

**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Shinkong International Securities Co., Ltd.	Shares	None	Financial assets at FVTPL - current	1,928,199	\$ 50,409	-	\$ 50,409	
	Shares	None	Financial assets at FVTOCI - non-current	982,168	65,768	0.18	65,768	
	Taiwan Futures Exchange Co., Ltd. Taiwan Stock Exchange Corporation	None	Financial assets at FVTOCI - non-current	92,191	7,777	0.01	7,777	
Taipei Star Bank	Notes investments	None	Financial assets at FVTPL - current	2,500	249,749	-	249,749	
	Shares	None	Financial assets at FVTOCI - current	18,128,570	576,140	-	576,140	
	Government bonds	None	Financial assets at FVTOCI - current	250	995,450	-	995,450	
	Corporate bonds	None	Financial assets at FVTOCI - current	2,151	2,142,493	-	2,142,493	
	Financial bonds	None	Financial assets at FVTOCI - current	3	92,441	-	92,441	
	Government bonds	None	Financial assets at amortized cost - non-current	47,000	4,869,612	-	4,869,612	
	Corporate bonds	None	Financial assets at amortized cost - non-current	4,819	6,139,119	-	6,139,119	
	Financial bonds	None	Financial assets at amortized cost - non-current	177	2,474,634	-	2,474,634	
	Notes investments	None	Financial assets at amortized cost - non-current	5,160	5,160,000	-	5,160,000	
Maxima Pacific Ltd.	Shares							
	Taishin Financial Holding Co., Ltd.	Related personnel with the Company's chairman	Financial assets at FVTPL - current	2,837,524	52,417 (US\$ 1,707)	0.02	52,417 (US\$ 1,707)	
	Shares							
	Taishin Financial Holding Co., Ltd. Preferred Stock E	Related personnel with the Company's chairman	Financial assets at FVTOCI - current	82,811	4,028 (US\$ 131)	-	4,028 (US\$ 131)	
	Taishin Financial Holding Co., Ltd. Preferred Stock E2	Related personnel with the Company's chairman	Financial assets at FVTOCI - current	49,609	2,225 (US\$ 72)	-	2,225 (US\$ 72)	
Hsingshing Investment Co., Ltd.	Shares							
	The Great Taipei Gas Corporation	Related party in substance	Financial assets at FVTOCI - current	117,962	3,857	0.02	3,857	
	Shares							
	Shin Kong Textile Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	1,951,507	93,477	0.65	93,477	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Shin Chiun Industrial Co., Ltd.	Shares Prince Housing & Development Corp.	None	Financial assets at FVTOCI - current	7,359	\$ 82	-	\$ 82	
	Shares Shin Kong Textile Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	619,000	29,650	0.21	29,650	
UBright Optronics Corp.	Mutual funds Nomura Funds Ireland plc - Global Dynamic Bond Fund Class TD USD	None	Financial assets at FVTPL - current	10,201	23,642 (US\$ 770)	-	23,642 (US\$ 770)	
	Domestic corporate bonds Cathay Life Insurance subordinated debenture	None	Financial assets at FVTPL - current	50,000	50,074	-	50,074	
	Taipei Star Bank Subordinated Perpetual Bonds	Related party	Financial assets at FVTPL - current	80,000	78,400	-	78,400	
	Foreign corporate bonds BNP Paribas (a)	None	Financial assets at FVTPL - current	400,000	12,086 (US\$ 394)	-	12,086 (US\$ 394)	
	BNP Paribas (b)	None	Financial assets at FVTPL - current	450,000	13,596 (US\$ 442)	-	13,596 (US\$ 442)	
	Standard Chartered (a)	None	Financial assets at FVTPL - current	200,000	6,022 (US\$ 196)	-	6,022 (US\$ 196)	
	Standard Chartered (b)	None	Financial assets at FVTPL - current	430,000	12,952 (US\$ 422)	-	12,952 (US\$ 422)	
	Standard Chartered (c)	None	Financial assets at FVTPL - current	430,000	12,952 (US\$ 422)	-	12,952 (US\$ 422)	
	ABN AMRO	None	Financial assets at FVTPL - current	840,000	25,483 (US\$ 830)	-	25,483 (US\$ 830)	
	TSMC Arizona U.S. Dollar Corporate Bond	None	Financial assets at FVTPL - current	1,750,000	49,919 (US\$ 1,626)	-	49,919 (US\$ 1,626)	
	JPMorgan U.S. Dollar Corporate Bond	None	Financial assets at FVTPL - current	1,750,000	54,056 (US\$ 1,760)	-	54,056 (US\$ 1,760)	
	UBS U.S. Dollar Corporate Bond	None	Financial assets at FVTPL - current	1,750,000	53,358 (US\$ 1,738)	-	53,358 (US\$ 1,738)	
	Mizuho Financial Group U.S. Dollar Corporate Bond (a)	None	Financial assets at FVTPL - current	1,000,000	29,876 (US\$ 973)	-	29,876 (US\$ 973)	
	Mizuho Financial Group U.S. Dollar Corporate Bond (b)	None	Financial assets at FVTPL - current	750,000	22,177 (US\$ 722)	-	22,177 (US\$ 722)	
	Shares Shin Kong Financial Holding Co., Ltd. Preferred Stock B	Related party in substance	Financial assets at FVTOCI - non-current	2,000,000	57,300	-	57,300	
	OMVO TECHNOLOGY INC.	None	Financial assets at FVTOCI - non-current	5,430,746	2,390	11.56	2,390	
Rise Concept Enterprises Limited	Shares T-E Pharma Holding, Inc.	None	Financial assets at FVTOCI - non-current	3,750,000	32,240	1.41	32,240	
	T-E Meds Holding, Inc.	None	Financial assets at FVTOCI - non-current	1,500,000	46,261	0.70	46,261	
Shin Kong Technologies Corp.	Shares Orion go Co., Ltd	None	Financial assets at FVTOCI - non-current	105,148	2,049	8.76	2,049	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Hsinshin Asset management Co., Ltd.	Shares Huaku Development Co., Ltd.	None	Financial assets at FVTOCI - current	181,560	\$ 17,484	-	\$ 17,484	
Hsin Lung Chemical Co., Ltd.	Shares Wei Chuan Foods Corp.	None	Financial assets at FVTOCI - current	1,152	22	-	22	
	The Great Taipei Gas Corporation	Related party in substance	Financial assets at FVTOCI - current	48	2	-	2	
	Shares Taiwan Shin Kong Security Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	1,160	47	-	47	
	Shin Kong Financial Holding Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	733,808	49,972	0.23	49,972	
	Shin Kong Financial Holding Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	976	9	-	9	
	Taishin Financial Holding Co., Ltd.	Related personnel with the Company's chairman	Financial assets at FVTOCI - non-current	428,161	7,750	-	7,750	
	Shin Kong Textile Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	112	5	-	5	
	Shinkong Synthetic Fibers Corporation	The Company	Financial assets at FVTOCI - non-current	4,680,487	72,782	0.29	72,782	
	Shin Ching Investment Co., Ltd.	None	Financial assets at FVTOCI - non-current	3,600,000	116,460	15.52	116,460	
	Mien Hao Co., Ltd.	None	Financial assets at FVTOCI - non-current	2,970,000	160,003	19.80	160,003	
	Shin Yun Co., Ltd.	None	Financial assets at FVTOCI - non-current	990,000	35,462	19.80	35,462	
Shinkong Engineering Co., Ltd.	Shares Shin Kong Financial Holding Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	16,549,473	146,463	0.12	146,463	
Pan Asian Plastics Corp.	Shares Taishin Financial Holding Co., Ltd.	Related personnel with the Company's chairman	Financial assets at FVTOCI - non-current	1,167,752	21,136	0.01	21,136	
	United Capital Fund	None	Financial assets at FVTOCI - non-current	4,850,000	-	7.09	-	
	Shinpont Industry Inc.	Related party	Financial assets at FVTOCI - non-current	5,000	101	0.01	101	
Shin Kong International Leasing Corp.	Mutual funds Cathay No. 2 Real Estate Investment Trust	None	Financial assets at FVTPL - current	360,000	5,915	-	5,915	
	Fubon No. 1 Real Estate Investment Trust	None	Financial assets at FVTPL - current	75,000	1,065	-	1,065	
	Shares Chailease Finance Co., Ltd. Preferred Stock A	None	Financial assets at FVTOCI - non-current	120,000	11,748	-	11,748	

(Concluded)

TABLE 10

SHINKONG SYNTHETIC FIBERS CORPORATION

INVESTEES’ MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OVER \$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buying and Selling Companies	Type and Name of Marketable Securities	Financial Statement Account	Trading Counterparty (Note A)	Relationship with the Holding Company (Note A)	January 1, 2023		Buy		Sale				December 31, 2023	
					Number of Shares	Carrying Amount	Number of Shares	Carrying Amount	Number of Shares	Sale Price	Billing Costs	Disposal Gain or Loss	Number of Shares	Carrying Amount
Rise Concept Enterprises Limited	Ordinary shares of T-E Meds Holding, Inc.	Financial assets at FVOCI - non-current	-	-	-	\$ -	1,500,000	\$ 46,862	-	\$ -	\$ -	\$ -	1,500,000	\$ 46,862

Note A: These two columns need to be filled for marketable securities recognized as investments accounted for using the equity method.

Note B: The ending balance includes unrealized gain or loss.

**TABLE 11**

**SHINKONG SYNTHETIC FIBERS CORPORATION**

**INVESTEES' TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Thai Shinkong Industry Corporation Ltd.	Shinkong Synthetic Fibers Corporation	Investments accounted for using the equity method	Sale	\$(1,812,724)	(26.25)	Note	Note	Note	Accounts receivable \$ 231,897	26.20	
Shinkong Polyester Film Corp., Ltd.	Shinkong Synthetic Fibers Corporation	Investments accounted for using the equity method	Purchase	1,418,207	84.50	Note	Note	Note	Accounts payable (511,812) Other payables (3,212)	(96.95) (4.85)	
Pan Asian Plastics Industry Corp.	Shinkong Synthetic Fibers Corporation	Investments accounted for using the equity method	Purchase	613,922	83.43	Note	Note	Note	Accounts payable (141,143) Other payables (12,880)	(89.23) (39.15)	
Shinpont Industry Inc.	Shinkong Synthetic Fibers Corporation	Investments accounted for using the equity method	Purchase	108,587	31.50	Note	Note	Note	Accounts payable (8,203) Other payables (32,516)	(43.71) (89.41)	
Shinpont Industry Inc.	LYCRA Singapore	Affiliated company of Shinpont Industry	Sale	(857,910)	(87.00)	According to the contract signed by both parties	According to the contract signed by both parties	According to the contract signed by both parties	Accounts receivable 210,651	89.12	
	The LYCRA Company Taiwan Limited	Affiliated company of Shinpont Industry	Sale	(128,249)	(13.00)	According to the contract signed by both parties	According to the contract signed by both parties	According to the contract signed by both parties	Accounts receivable 25,708	10.88	

Note: Refer to Table 17.

TABLE 12

SHINKONG SYNTHETIC FIBERS CORPORATION

INVESTEES’ RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Shinpont Industry	LYCRA Singapore	Affiliated company of Shinpont Industry	Accounts receivable from related parties of \$210,651	6.84	\$ -	-	\$ 125,761	\$ -
Thai Shinkong Industry Corporation Ltd.	Shinkong Synthetic Fibers Corporation	Parent Company and its subsidiary	Accounts receivable from related parties of \$231,897	10.68	-	-	231,897	-
MAXIMA PACIFIC LTD.	Shinkong Synthetic Fibers Corporation	Parent Company and its subsidiary	Other receivables from related parties of \$1,863,425	-	-	-	-	-

TABLE 13

SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
1	Shin Kong International Leasing Corp.	Shi Jie Corp.	Other receivables	No	\$ 7,800	\$ -	\$ -	5	2	\$ -	Operating capital	-	None	\$ -	\$ 583,284 (Note B)	\$ 583,284 (Note B)	

Note A: The intercompany transactions between the Company and its subsidiaries or among subsidiaries are numbered as follows:

- 1. Issuer: 0.
- 2. Subsidiaries are numbered from 1.

Note B: The financing limit for each borrower and total financing limit are 40% of Shin Kong International Leasing’s net equity.

TABLE 14

## SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Shinkong Synthetic Fibers Corporation	Mutual funds Shin Kong Hong Seng Tech Index Fund	Related party in substance	Financial assets at FVTPL - current	500,000	\$ 2,055	-	\$ 2,055	
Shinkong International Securities Co., Ltd.	Shares	None	Financial assets at FVTPL - current	1,928,199	50,409	-	50,409	
Taipei Star Bank	Notes investments	None	Financial assets at FVTPL - current	2,500	249,749	-	249,749	
Maxima Pacific Ltd.	Shares Taishin Financial Holding Co., Ltd.	Related personnel with the Company's chairman	Financial assets at FVTPL - current	2,837,524	52,417 (US\$ 1,707)	0.02	52,417 (US\$ 1,707)	
UBright Optronics Corp.	Mutual funds Nomura Funds Ireland plc - Global Dynainic Bond Fund Class TD USD	None	Financial assets at FVTPL - current	10,201	23,642 (US\$ 770)	-	23,642 (US\$ 770)	
	Domestic corporate bonds Cathay Life Insurance subordinated debenture	None	Financial assets at FVTPL - current	50,000	50,074	-	50,074	
	Foreign corporate bonds BNP Paribas (a)	None	Financial assets at FVTPL - current	400,000	12,086 (US\$ 394)	-	12,086 (US\$ 394)	
	BNP Paribas (b)	None	Financial assets at FVTPL - current	450,000	13,596 (US\$ 442)	-	13,596 (US\$ 442)	
	Standard Chartered (a)	None	Financial assets at FVTPL - current	200,000	6,022 (US\$ 196)	-	6,022 (US\$ 196)	
	Standard Chartered (b)	None	Financial assets at FVTPL - current	430,000	12,952 (US\$ 422)	-	12,952 (US\$ 422)	
	Standard Chartered (c)	None	Financial assets at FVTPL - current	430,000	12,952 (US\$ 422)	-	12,952 (US\$ 422)	
	ABN AMRO	None	Financial assets at FVTPL - current	840,000	25,483 (US\$ 830)	-	25,483 (US\$ 830)	
	TSMC Arizona Dollar-denominated Corporate Bonds	None	Financial assets at FVTPL - current	1,750,000	49,919 (US\$ 1,626)	-	49,919 (US\$ 1,626)	
	J.P. Morgan Dollar-denominated Corporate Bonds	None	Financial assets at FVTPL - current	1,750,000	54,056 (US\$ 1,760)	-	54,056 (US\$ 1,760)	
	UBS Group Dollar-denominated Corporate Bonds	None	Financial assets at FVTPL - current	1,750,000	53,358 (US\$ 1,738)	-	53,358 (US\$ 1,738)	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
UBright Optronics Corp.	Foreign corporate bonds							
	Mizuho Financial Group Dollar-denominated Corporate Bonds (a)	None	Financial assets at FVTPL - current	1,000,000	\$ 29,876 (US\$ 973)	-	\$ 29,876 (US\$ 973)	
	Mizuho Financial Group Dollar-denominated Corporate Bonds (b)	None	Financial assets at FVTPL - current	750,000	22,177 (US\$ 722)	-	22,177 (US\$ 722)	
Shin Kong International Leasing Corp.	Mutual funds							
	Cathay No. 2 Real Estate Investment Trust	None	Financial assets at FVTPL - current	360,000	5,915	-	5,915	
	Fubon No. 1 Real Estate Investment Trust	None	Financial assets at FVTPL - current	75,000	1,065	-	1,065	
					<u>\$ 727,803</u>		<u>\$ 727,803</u>	
Shinkong Synthetic Fibers Corporation	Shares							
	Hsin Ba Corporation	None	Financial assets at FVTOCI - current	12	\$ 1	-	\$ 1	
	The Great Taipei Gas Corporation	Related party in substance	Financial assets at FVTOCI - current	20,213,826	660,992	3.91	660,992	
Taipei Star Bank	Shares	None	Financial assets at FVTOCI - current	18,128,570	576,140	-	576,140	
	Corporate bonds	None	Financial assets at FVTOCI - current	2,151	2,142,493	-	2,142,493	
	Financial bonds	None	Financial assets at FVTOCI - current	3	92,441	-	92,441	
	Government bonds	None	Financial assets at FVTOCI - current	250	995,450	-	995,450	
Maxima Pacific Ltd.	Shares							
	Taishin Financial Holding Co., Ltd. Preferred Stock E	Related personnel with the Company's chairman	Financial assets at FVTOCI - current	82,811	4,028 (US\$ 131)	-	4,028 (US\$ 131)	
	Taishin Financial Holding Co., Ltd. Preferred Stock E 2	Related personnel with the Company's chairman	Financial assets at FVTOCI - current	49,609	2,225 (US\$ 72)	-	2,225 (US\$ 72)	
Hsingshing Investment Co., Ltd.	Shares							
	The Great Taipei Gas Corporation	Related party in substance	Financial assets at FVTOCI - current	117,962	3,857	0.02	3,857	
Shin Chiun Industrial Co., Ltd.	Shares							
	Prince Housing & Development Corp.	None	Financial assets at FVTOCI - current	7,359	82	-	82	
Hsinshin Asset management Co., Ltd.	Shares							
	Huaku Development Co., Ltd.	None	Financial assets at FVTOCI - current	181,560	17,484	-	17,484	
Hsin Lung Chemical Co., Ltd.	Shares							
	Wei Chuan Foods Corp.	None	Financial assets at FVTOCI - current	1,152	22	-	22	
	The Great Taipei Gas Corporation	Related party in substance	Financial assets at FVTOCI - current	48	2	-	2	
					<u>\$ 4,495,217</u>		<u>\$ 4,495,217</u>	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Shinkong Synthetic Fibers Corporation	Limited partnership funds							
	Renaissance Capital Limited Partnership	None	Financial assets at FVTPL - non-current	6.41	\$ 50,224	6.41	\$ 50,224	
	Whitesun Capital Limited Partnership	None	Financial assets at FVTPL - non-current	2.50	<u>13,500</u>	2.50	<u>13,500</u>	
					<u>\$ 63,724</u>		<u>\$ 63,724</u>	
	Shares							
	Taiwan Cement Corp.	None	Financial assets at FVTOCI - non-current	9,258,649	\$ 322,664	0.13	\$ 322,664	
	Shin Kong Textile Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	28,378,958	1,359,352	9.46	1,359,352	
	Shin Kong Financial Holding Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	172,550,238	1,527,070	1.11	1,527,070	
	Taishin Financial Holding Co., Ltd.	Related personnel with the Company's chairman	Financial assets at FVTOCI - non-current	141,305,541	2,557,630	1.13	2,557,630	
	Century Development Corporation	None	Financial assets at FVTOCI - non-current	12,334,854	229,512	3.52	229,512	
	Universal Venture Capital Investment Corporation	None	Financial assets at FVTOCI - non-current	5,600,000	43,960	4.65	43,960	
	O-Bank Co., Ltd.	None	Financial assets at FVTOCI - non-current	25,762,308	257,108	0.94	257,108	
	Evergreen Steel Co.	None	Financial assets at FVTOCI - non-current	890,000	92,560	0.21	92,560	
	Shin Kong Mitsukoshi Department Store Co., Ltd.	Same chairman with the Company	Financial assets at FVTOCI - non-current	24,401,636	881,143	1.96	881,143	
	Overseas Investment & Development Corp	None	Financial assets at FVTOCI - non-current	4,000,000	50,800	4.44	50,800	
	Li Yu Venture Capital Investment Corp.	None	Financial assets at FVTOCI - non-current	174,455	2,770	1.49	2,770	
	Shin Kong Chao Feng Ranch & Resort Corporation	Related party in substance	Financial assets at FVTOCI - non-current	200,000	31,199	2.22	31,199	
	PC Home Venture Fund Corp	None	Financial assets at FVTOCI - non-current	78,540	1,306	3.03	1,306	
	Budworth Investment Limited	None	Financial assets at FVTOCI - non-current	45,500	-	5.00	-	
	Great Taipei Broadband Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	2,500,000	7,525	1.67	7,525	
	Zacros Taiwan Co., Ltd.	None	Financial assets at FVTOCI - non-current	10,000,000	84,895	9.44	84,895	
	Wave-In Communication Inc.	None	Financial assets at FVTOCI - non-current	2,503,142	33,842	13.04	33,842	
	Shin Kong iEcofun Corporation	None	Financial assets at FVTOCI - non-current	1,327,736	7,701	18.81	7,701	
	IIH Biomedical Venture Fund I Co., Ltd.	None	Financial assets at FVTOCI - non-current	3,000,000	46,061	4.85	46,061	
	Pro Union Motor Co., Ltd.	None	Financial assets at FVTOCI - non-current	6,875,951	237,022	21.04	237,022	
	Pro Motor Co., Ltd.	None	Financial assets at FVTOCI - non-current	4,287,288	156,444	16.13	156,444	
	Pro Rental & Leasing Co., Ltd.	None	Financial assets at FVTOCI - non-current	5,277,251	208,761	18.93	208,761	
	Green Life Technology Corporation	None	Financial assets at FVTOCI - non-current	10,000,000	1,300	6.50	1,300	
	Earthbook Inc.	None	Financial assets at FVTOCI - non-current	3,600,000	2,412	8.67	2,412	
	Research Innovation Capital Corporation	None	Financial assets at FVTOCI - non-current	5,000,000	24,572	14.88	24,572	
UBright Optronics Corp.	Shares							
	Shin Kong Financial Holding Co., Ltd. Preferred Stock B	Related party in substance	Financial assets at FVTOCI - non-current	2,000,000	57,300	-	57,300	
	OMVO TECHNOLOGY INC.	None	Financial assets at FVTOCI - non-current	5,430,746	2,390	11.56	2,390	
Rise Concept Enterprises Limited	Shares							
	T-E Pharma Holding Inc.	None	Financial assets at FVTOCI - non-current	3,750,000	32,240	1.41	32,240	
	T-E Meds Holding, Inc.	None	Financial assets at FVTOCI - non-current	1,500,000	46,261	0.70	46,261	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Shinkong Engineering Co., Ltd.	Shares Shin Kong Financial Holding Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	16,549,473	\$ 146,463	0.12	\$ 146,463	
Shin Chiun Industrial Co., Ltd.	Shares Shin Kong Textile Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	619,000	29,650	0.21	29,650	
Hsingshing Investment Co., Ltd.	Shares Shin Kong Textile Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	1,951,507	93,477	0.65	93,477	
Pan Asian Plastics Corp.	Shares Taishin Financial Holding Co., Ltd.	Related personnel with the Company's chairman	Financial assets at FVTOCI - non-current	1,167,752	21,136	0.01	21,136	
	United Capital Fund	None	Financial assets at FVTOCI - non-current	4,850,000	-	7.09	-	
Hsin Lung Chemical Co., Ltd.	Shares Taiwan Shin Kong Security Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	1,160	47	-	47	
	Shin Kong Insurance Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	733,808	49,972	0.23	49,972	
	Shin Kong Financial Holding Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	976	9	-	9	
	Taishin Financial Holding Co., Ltd.	Related personnel with the Company's chairman	Financial assets at FVTOCI - non-current	428,161	7,750	-	7,750	
	Shin Kong Textile Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	112	5	-	5	
	Shin Ching Investment Co., Ltd.	None	Financial assets at FVTOCI - non-current	3,600,000	116,460	15.52	116,460	
	Mien Hao Co., Ltd.	None	Financial assets at FVTOCI - non-current	2,970,000	160,003	19.80	160,003	
	Shin Yun Co., Ltd.	None	Financial assets at FVTOCI - non-current	990,000	35,462	19.80	35,462	
Shin Kong Technologies Corporation	Shares Orien Go Co., Ltd.	None	Financial assets at FVTOCI - non-current	105,148	2,049	8.76	2,049	
Shin Kong International Leasing Corp.	Shares Chailease Finance Co., Ltd. Preferred Stock A	None	Financial assets at FVTOCI - non-current	120,000	11,748	-	11,748	
Shinkong International Securities Co., Ltd.	Shares Taiwan Futures Exchange Co., Ltd.	None	Financial assets at FVTOCI - non-current	982,168	65,768	0.18	65,768	
	Taiwan Stock Exchange Corporation	None	Financial assets at FVTOCI - non-current	92,191	7,777	0.01	7,777	
					<u>\$ 9,053,576</u>		<u>\$ 9,053,576</u>	
Taipei Star Bank	Government bonds	None	Financial assets at amortized cost - non-current	47,000	\$ 4,869,612	-	\$ 4,869,612	
	Corporate bonds	None	Financial assets at amortized cost - non-current	4,819	6,139,119	-	6,139,119	
	Financial bonds	None	Financial assets at amortized cost - non-current	177	2,474,634	-	2,474,634	
	Notes investments	None	Financial assets at amortized cost - non-current	5,160	<u>5,160,000</u>	-	<u>5,160,000</u>	
					<u>\$ 18,463,365</u>		<u>\$ 18,463,365</u>	

(Concluded)

TABLE 15

SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Shinpont Industry Inc.	LYCRA Singapore	Affiliated company of Shinpont Industry Inc.	Sale	\$(857,910)	(87.00)	According to contract signed by both parties	According to contract signed by both parties	According to contract signed by both parties	Account receivables \$ 210,651	89.12	
	The LYCRA Company Taiwan Limited, Taiwan Branch (H.K.)	Affiliated company of Shinpont Industry Inc.	Sale	(128,249)	(13.00)	According to contract signed by both parties	According to contract signed by both parties	According to contract signed by both parties	Account receivables 25,708	10.88	
Shinkong Synthetic Fibers Corporation	Topbottle resources technology corporation	Associate	Purchase	339,122	1.92	According to contract signed by both parties	According to contract signed by both parties	According to contract signed by both parties	Account payables (15,716)	(1.29)	

TABLE 16

SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Shinpont Industry Inc.	LYCRA Singapore	Affiliated company of Shinpont Industry Inc.	\$ 210,651	6.84	\$ -	-	\$ 125,761	\$ -

## SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
 FOR THE YEAR ENDED DECEMBER 31, 2023  
 (In Thousands of New Taiwan Dollars)

No. (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transactions Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note C)
0	SSF	MAXIMA	2	Other payables	\$ 1,863,425	General	1
		SSFC	2	Payables for equipment	50,182	General	-
		SSFC	2	Temporary receipts	9,508	General	-
		SPI	1	Sales revenue	108,587	Refer to Note 4	-
		SPI	1	Other revenue	21,066	General	-
		SPI	1	Rental revenue	26,368	General	-
		SPI	2	Reduction of manufacturing expense	156,958	Refer to Note 5	-
		SPI	1	Accounts receivable	8,203	Refer to Note 4	-
		SPI	1	Other receivables	32,516	General	-
		PAPI	1	Sales revenue	613,922	Refer to Note 4	2
		PAPI	2	Reduction of manufacturing expense	167,974	Refer to Note 5	-
		PAPI	1	Accounts receivable	141,143	Refer to Note 4	-
		PAPI	1	Other receivables	12,880	General	-
		PAPI	1	Rental revenue	14,809	General	-
		PAP	1	Sales revenue	9,728	Refer to Note 4	-
		SKIL	2	Lease liabilities	1,711	General	-
		SKIL	2	Right-of-use assets	1,699	General	-
		SPF	1	Accounts receivable	511,812	Refer to Note 4	-
		SPF	1	Other receivable	3,212	Other revenue	-
		SPF	1	Sales revenue	1,418,207	Refer to Note 4	4
		SPF	1	Other revenue	8,439	General	-
		SPF	1	Rental revenue	28,218	General	-
		TBO	1	Other revenue	1,638	General	-
		SKJS	1	Sales revenue	49,627	Refer to Note 4	-
		SKJS	1	Accounts receivable	3,260	Refer to Note 4	-
		SKJS	1	Other revenue	8,979	General	-
		SKY	1	Other revenue	14,748	General	-
		SKY	1	Other receivables	15,485	General	-
		TSI	1	Other revenue	13,897	General	-
		TSI	1	Sales revenue	2,131	Refer to Note 4	-
		TSI	2	Accounts payable	231,897	Refer to Note 4	-
		TSI	2	Cost of goods sold	1,812,724	Refer to Note 4	5
		Taipei Star Bank	1	Bank deposit	134,632	General	-
		SKE	2	Manufacturing expense	55,500	General	-
		SKE	2	Other payables	1,170	General	-

(Continued)

No. (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transactions Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note C)
1	SPI	SSF	1	Lease liabilities	\$ 67,948	General	-
		SSF	1	Right-of-use assets	66,044	General	-
2	SPF	UBO	3	Sales revenue	44,797	Refer to Note 4	-
		UBO	3	Accounts receivable	4,367	Refer to Note 4	-
		Taipei Star Bank	3	Bank deposit	7,276	General	-
		SSF	1	Lease liabilities	71,554	General	-
		SSF	1	Right-of-use assets	70,246	General	-
		PAPI	3	Sales revenue	1,200	General	-
		PAPI	3	Accounts receivable	1,260	General	-
3	UBO	SUBO	3	Other expenses	10,437	General	-
		RCE	3	Other receivables	3,000	General	-
		Taipei Star Bank	3	Interest income	8,244	General	-
		Taipei Star Bank	3	Bank deposit	33,326	General	-
		Taipei Star Bank	3	Financial assets at amortized cost	153,525	General	-
		Taipei Star Bank	3	Financial assets at FVTPL - current	78,400	General	-
4	Taipei Star Bank	Far Trust	3	Net fee income	14,562	General	-
		Far Trust	3	Advance payments	26,413	General	-
		SKIS	3	Net fee income	39,426	General	-
		SKIS	3	Other receivables	4,556	General	-
		SKIL	3	Right-of-use assets	2,612	General	-
		SKIL	3	Lease liabilities	2,532	General	-
5	HSI	Taipei Star Bank	3	Bank deposit	70,405	General	-
		Taipei Star Bank	3	Financial assets at amortized cost	28,000	General	-
		SKE	3	Accounts receivable	8,727	General	-
6	SKIS	SSF	2	Other revenue	13,207	General	-
		SSF	2	Accounts receivable	1,117	General	-
		Taipei Star Bank	3	Other financial assets	300,000	General	-
		Taipei Star Bank	3	Bank deposit	96,350	General	-
		Taipei Star Bank	3	Other revenue	30,028	General	-
		Taipei Star Bank	3	Other receivables	2,253	General	-
		Taipei Star Bank	3	Operating deposits	5,000	General	-
		Taipei Star Bank	3	Financial assets at amortized cost	52,000	General	-
		SKIL	3	Right-of-use assets	3,572	General	-
		SKIL	3	Lease liabilities	3,617	General	-
7	HAM	SSF	2	Sales revenue	2,160	General	-
		Taipei Star Bank	3	Bank deposit	2,364	General	-
		Taipei Star Bank	3	Financial assets at amortized cost	41,000	General	-

(Continued)

No. (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transactions Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note C)
8	SEC	Taipei Star Bank	3	Financial assets at amortized cost	\$ 459,000	General	-
		Taipei Star Bank	3	Bank deposit	10,927	General	-
		Taipei Star Bank	3	Interest income	6,909	General	-
9	PAP	PAPI	3	Rental revenue	18,163	General	-
		SKIL	3	Right-of-use assets	4,253	General	-
		SKIL	3	Lease liabilities	4,298	General	-
10	SKIL	Taipei Star Bank	3	Bank deposit	4,872	General	-
		CIR	3	Accounts receivable	178,000	General	-
		CIR	3	Interest income	2,945	General	-
		JLP	3	Interest income	2,800	General	-
		SKES	3	Accounts receivable	344,000	General	-
		SKES	3	Interest income	4,166	General	-
		SKPS	3	Accounts receivable	58,000	General	-
		SKPS	3	Interest income	2,843	General	-
		Far Trust	3	Other operating revenues	26,599	General	-
		Far Trust	3	Other receivables	2,359	General	-
		Far Trust	3	Accounts receivable	298,321	General	-
		Far Trust	3	Long-term accounts receivable	599,310	General	-
		Far Trust	3	Guarantee deposits received	13,500	General	-
11	Maxima	Taipei Star Bank	3	Bank deposit	2,693	General	-
12	Far Trust	Taipei Star Bank	3	Financial assets at amortized cost	38,300	General	-
		Taipei Star Bank	3	Bank deposit	4,829	General	-
		Taipei Star Bank	3	Interest income	54,961	General	-
		Far Trust Leasing	3	Other revenue	3,429	General	-
		Far Trust Leasing	3	Other receivables	20,000	General	-
13	Far Trust Leasing	Far Trust	3	Other revenue	12,116	General	-
		Far Trust	3	Other receivables	2,114	General	-
14	CJH	SSF	2	Sales revenue	12,584	General	-
		Taipei Star Bank	3	Bank deposit	1,089	General	-
15	SKT	SPF	3	Sales revenue	2,440	General	-
		TBO	3	Sales revenue	3,403	General	-
		SSF	2	Sales revenue	33,841	General	-
		SSF	2	Accounts receivable	3,043	General	-
		Taipei Star Bank	3	Bank deposit	1,942	General	-
16	OTOBUY	Taipei Star Bank	3	Bank deposit	5,551	General	-
17	Dayspring	SSF	2	Interest income	7,647	General	-
		Taipei Star Bank	3	Interest income	3,735	General	-

(Continued)

No. (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transactions Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note C)
18	PAPI	PAP	3	Sales revenue	\$ 83,864	Refer to Note 4	-
		PAP	3	Accounts receivable	10,310	Refer to Note 4	-
		PAP	3	Right-of-use assets	121,950	General	-
		PAP	3	Lease liabilities	123,266	General	-
		Taipei Star Bank	3	Bank deposit	3,072	General	-
		SSF	1	Right-of-use assets	99,393	General	-
		SSF	1	Lease liabilities	100,466	General	-
19	SKF	Taipei Star Bank	3	Bank deposit	50,555	General	-
		Taipei Star Bank	3	Professional service revenue	4,800	General	-
20	IMBD	Taipei Star Bank	3	Bank deposit	1,906	General	-
21	TBO	UBO	3	Sales revenue	4,558	Refer to Note 4	-
22	SKE	Taipei Star Bank	3	Bank deposit	2,730	General	-
		SPI	3	Sales revenue	1,418	General	-
23	SSFC	Dayspring	3	Temporary receipts	1,736,519	General	1
		Dayspring	3	Other revenue	53,651	General	-

Note A: Significant transactions between the Company and its subsidiaries or among subsidiaries are numbered as follows:

1. Parent company: 0.
2. Subsidiaries are numbered from 1.

Note B: Related party transactions are divided into 3 categories as follows:

1. The Company to subsidiaries.
2. Subsidiaries to the Company.
3. Subsidiaries to subsidiaries.

Note C: For assets and liabilities, amount is shown as a percentage to consolidated total assets as of December 31, 2023, while revenue, costs and expenses are shown as a percentage to consolidated revenue for the year ended December 31, 2023.

(Continued)

Note D: Transaction terms of sale and purchase between Shinkong Synthetic Fibers Corporation and its subsidiary are as follow:

Company Name	Item	Terms of Selling	Terms of Purchase	Terms of Collection	Terms of Payments
TSI	Finished goods	Market value	Market value	Open account 30 days	Open account 90 days
SPF	Finished goods	Market value		Open account 90 days - 120 days	
	Materials	Market value		Open account 90 days	
SPI	Finished goods	According to professional magazine price list		Open account 45 days	
	Materials	Cost value		Open account 30 days	
SKJS	Finished goods	Market value		Open account 90 days	
	Materials	Market value		Open account 90 days	
PAPI	Finished goods	Market value		Open account 90 days	
	Materials	Market value		Open account 90 days	
PAP	Finished goods	Market value		Open account 90 days	
	Materials	Market value		Open account 90 days	

Transaction terms between UBO and related parties are as follow:

Company Name	Item	Terms of Selling	Terms of Purchase	Terms of Collection	Terms of Payments
SPF	Materials	Market value	Market value	60 days after shipment	Next month 20th after delivery
TBO	Finished goods		Market value		Open account 90 days

Transaction terms between TBO and related parties are as follow:

Company Name	Item	Terms of Selling	Terms of Purchase	Terms of Collection	Terms of Payments
UBO	Finished goods	Market value		Open account 90 days	

Transaction terms between SPF and related parties are as follow:

Company Name	Item	Terms of Selling	Terms of Purchase	Terms of Collection	Terms of Payments
SSF	Finished goods		Market value		Open account 90-120 days
	Materials		Market value		Open account 90 days
UBO	Finished goods	Market value	Market value	Next month 20th after delivery	60 days after shipment

Transaction terms between PAP and related parties are as follow:

Company Name	Item	Terms of Selling	Terms of Purchase	Terms of Collection	Terms of Payments
PAPI	Finished goods	Market value	Market value	Open account 90 days	Open account 90 days
	Materials	Market value	Market value	Open account 90 days	Open account 90 days
SSF	Finished goods		Market value		Open account 90 days
	Materials		Market value		Open account 90 days

Transaction terms between TSI and related parties are as follow:

Company Name	Item	Terms of Selling	Terms of Purchase	Terms of Collection	Terms of Payments
SSF	Finished goods	Market value	Market value	Open account 90 days	Open account 30 days

(Continued)

Transaction terms between SPI and related parties are as follow:

Company Name	Item	Terms of Selling	Terms of Purchase	Terms of Collection	Terms of Payments
SSF	Finished goods		According to professional magazine price list		Open account 45 days
	Materials		Market value		Open account 30 days

Transaction terms between SKJS and related parties are as follow:

Company Name	Item	Terms of Selling	Terms of Purchase	Terms of Collection	Terms of Payments
SSF	Finished goods		Market value		Open account 30 days
	Materials		Market value		Open account 30 days

Transaction terms between PAPI and related parties are as follow:

Company Name	Item	Terms of Selling	Terms of Purchase	Terms of Collection	Terms of Payments
SSF	Finished goods		Market value		Open account 90 days
	Materials		Market value		Open account 90 days
PAP	Finished goods	Market value	Market value	Open account 90 days	Open account 90 days
	Materials	Market value	Market value	Open account 90 days	Open account 90 days

Note E: Allocation expense for providing Shinkong Synthetic Fibers corporation management service.

(Concluded)

SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
Shinkong Synthetic Fibers Corporation	Tai Jin Investment Co., Ltd.	Taipei City	Investment	\$ 3,505	\$ 3,505	1,111,315	48.57	\$ 7,183	\$ (2)	\$ (1)	
	Topbottle Resources Technology Corporation	Tainan City	Manufacturing of synthetic materials and plastic product	15,000	15,000	1,200,000	20.00	17,583	(28,464)	(5,693)	
	Ecofun Lab Corporation	Taoyuan City	Crop cultivation, wholesale of vegetables and fruits and retail sale of agricultural products	18,400	18,400	1,840,000	33.33	8,897	(7,598)	(2,577)	
	Shinsol Advanced Chemical Corporation	New Taipei City	Precision chemical material manufacturing	373,588	245,000	37,358,859	43.63	332,656	(57,267)	(25,867)	
Pan Asian Plastics Corp.	Tai Shin Leasing & Financial Co., Ltd.	Taipei City	Leasing	520,000	520,000	22,200,000	30.00	1,708,426	140,367	40,160	
Hsingshing Investment Co., Ltd.	Da Chun Universe Investment Co., Ltd.	Taichung City	Investment	9,000	9,000	(Note)	45.00	4,754	878	395	

Note: This is a limited company, the proportion of ownership is calculated based on the amount of capital contribution.

TABLE 19

SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note B)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outflow	Inflow							
Hangzhou Huachun Chemical Fiber Co., Ltd.	Chemical fiber weaving, printing and dyeing	(Note A)	Investments through subsidiary SSFC Investment Ltd.	\$ 542,871 (US\$ 16,880)	\$ -	\$ -	\$ 542,871 (US\$ 16,880)	\$ -	-	\$ -	\$ -	\$ -	
Shinkong Applied Materials (Jiangsu) Company Limited	Sale of synthetic materials, fibers and manufacturing of plastic product	US\$15 million	(Note B)	-	-	-	-	85,901	100.00	83,893	469,839	-	
Suzhou UBright Optronics Corp.	Brightness enhancement film cutting process	RMB1 million	Investments through subsidiary Rise Concept Enterprises Ltd. Investment Ltd.	4,471 (RMB 1,000)	-	-	4,471 (RMB 1,000)	2,647	100.00	2,647	1,897	-	

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
\$547,342 (US\$16,880 million) (RMB1,000) (Note C)	\$1,170,668 (US\$39,530) (RMB1,000) (Note D)	\$21,810,650

Note A: Hangzhou Huachun Chemical Fiber Co., Ltd. was liquidated in February 2021.

Note B: Establishment by issuance of ordinary shares for cash, which from SSFC Investment Ltd.

Note C: Including US\$4,280 thousand premium of machinery equipment from SSFC Investment Ltd., excluding authorized amounts and cash remittance of US\$240 thousand only to Dayspring Ltd.

Note D: Including SSFC Investment Ltd. use its own cash in capital and financing provided from related party to apply for US\$25,000 thousand investment amounts authorized.

TABLE 20

SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
Shinkong Synthetic Fibers Corporation Shinkong Applied Materials (Jiangsu) Company Limited	Sale	\$(49,627)	(0.23)	Note	Note	Note	Accounts receivable \$ 3,260	0.14	\$ 341	
UBright Optronics Corporation Suzhou UBright Optronics Corporation	Professional service fee	10,437	-	Note	Note	Note	Other payables -	-	-	

Note: Refer to Table 17.

- A. Endorser/guarantor provided with investee companies in mainland China directly or indirectly through a third party: None.
- B. Financing providing to others with investee companies in mainland China directly or indirectly through a third party: None.
- C. Other transaction that have a material impact on profit or loss or financial condition: None.

**TABLE 21****SHINKONG SYNTHETIC FIBERS CORPORATION AND  
SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2023**

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Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Shinsheng Investment Co., Ltd.	85,383,027	5.27
Shin Kong Co., Ltd.	84,414,691	5.21

## V. Latest Audited Standalone Financial Statements

**Shinkong Synthetic Fibers Corporation**

**Parent Company Only Financial Statements for the  
Years Ended December 31, 2023 and 2022 and  
Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Shinkong Synthetic Fibers Corporation

### **Opinion**

We have audited the accompanying parent company only financial statements of Shinkong Synthetic Fibers Corporation (the “Company”), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the “parent company only financial statements”).

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter of the parent company only financial statements for the year ended December 31, 2023 is stated as follows:

#### Risk of Fraud Sales to Specific Customers

The revenue of Shinkong Synthetic Fibers Corporation in 2023 decreased compared with last year. According to the Standards on Auditing of the Republic of China, revenue recognition has a significant risk of fraud. Also, the revenue from specific customers in 2023 has increased significantly. Therefore, we considered the risk of fraud sales to specific customers as a key audit matter.

Refer to Note 4 of the parent company only financial statements for the revenue accounting policy information.

Our audit procedures performed were as follows:

1. We obtained an understanding of the design and implementation of internal control system related to the recognition of sales revenue.
2. We reviewed the original documents related to the recognition of sales revenue and the collection by audit sampling.

#### **Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

#### **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected

to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our

independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Wen-Hsiang Chen and Wen-Yea Shyu.

Wen-Hsiang Chen      Wen-Yea Shyu

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 11, 2024

Notice to Readers

*The accompanying parent company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally applied in the Republic of China*

*For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.*

# SHINKONG SYNTHETIC FIBERS CORPORATION

## PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6, 28 and 29)	\$ 1,943,101	4	\$ 2,185,227	4
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 28)	2,055	-	2,295	-
Financial assets at fair value through other comprehensive income - current (Notes 4, 8, 28 and 30)	660,993	1	629,661	1
Notes receivable, net (Notes 4, 9, 28 and 29)	36,908	-	35,925	-
Trade receivables, net (Notes 4, 9, 28 and 29)	2,327,799	4	2,529,578	5
Other receivables (Notes 4, 9, 28 and 29)	241,126	1	251,189	1
Current tax assets (Notes 4 and 24)	19,436	-	-	-
Inventories (Notes 4 and 10)	2,681,817	5	3,362,367	6
Prepayments (Notes 15 and 29)	152,062	-	135,623	-
Other current assets (Notes 15 and 28)	2,603	-	1,578	-
Total current assets	8,067,900	15	9,133,443	17
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 28)	63,724	-	89,408	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8, 28 and 30)	8,167,609	15	7,032,653	13
Investments accounted for using the equity method (Notes 4, 11, 26 and 29)	25,857,874	48	25,414,745	47
Property, plant and equipment (Notes 4, 12, 29 and 30)	8,414,379	16	8,556,786	16
Right-of-use assets (Notes 4, 13 and 29)	72,205	-	82,157	-
Investment properties (Notes 4, 14 and 30)	2,951,559	5	2,982,030	6
Deferred tax assets (Notes 4 and 24)	286,127	1	274,701	1
Other non-current assets (Notes 4, 9 and 15)	34,779	-	27,677	-
Total non-current assets	45,848,256	85	44,460,157	83
TOTAL	\$ 53,916,156	100	\$ 53,593,600	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 16, 28, 29 and 30)	\$ 2,950,000	6	\$ 1,310,000	2
Short-term bills payable (Notes 16 and 28)	99,981	-	-	-
Trade payables (Notes 18, 28 and 29)	1,217,099	2	1,174,291	2
Other payables (Notes 19, 28 and 29)	2,347,282	5	2,650,303	5
Current tax liabilities (Notes 4 and 24)	31,408	-	322,433	1
Lease liabilities - current (Notes 4, 13, 28 and 29)	33,526	-	25,599	-
Current portion of long-term borrowings and bonds payable (Notes 16, 28, 29 and 30)	99,751	-	94,589	-
Other current liabilities (Note 19)	183,772	-	269,546	1
Total current liabilities	6,962,819	13	5,846,761	11
NON-CURRENT LIABILITIES				
Bonds payable (Notes 17 and 28)	5,000,000	9	5,000,000	9
Long-term borrowings (Notes 16, 28, 29 and 30)	4,127,967	8	5,585,526	11
Provisions - non-current (Notes 4, 20 and 21)	67,450	-	140,330	-
Deferred tax liabilities (Notes 4 and 24)	1,345,488	3	1,464,014	3
Lease liabilities - non-current (Notes 4, 13, 28 and 29)	42,159	-	57,941	-
Guarantee deposits received	19,190	-	16,883	-
Total non-current liabilities	10,602,254	20	12,264,694	23
Total liabilities	17,565,073	33	18,111,455	34
EQUITY (Notes 4 and 22)				
Share capital	16,184,093	30	16,184,093	30
Capital surplus	1,963,101	4	1,950,312	4
Retained earnings				
Legal reserve	2,544,458	5	2,254,830	4
Special reserve	2,328,591	4	2,328,591	4
Unappropriated earnings	8,794,516	16	9,909,756	19
Total retained earnings	13,667,565	25	14,493,177	27
Other equity	4,566,158	8	2,884,397	5
Treasury shares	(29,834)	-	(29,834)	-
Total equity	36,351,083	67	35,482,145	66
TOTAL	\$ 53,916,156	100	\$ 53,593,600	100

The accompanying notes are an integral part of the parent company only financial statements.

# SHINKONG SYNTHETIC FIBERS CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 29)				
Sales	\$ 21,818,314	100	\$ 28,012,162	100
OPERATING COSTS (Notes 10, 12, 23 and 29)				
Cost of goods sold	<u>20,924,491</u>	<u>96</u>	<u>24,870,009</u>	<u>89</u>
GROSS PROFIT	893,823	4	3,142,153	11
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	(15,716)	-	(139,993)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>71,354</u>	<u>1</u>	<u>86,069</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>949,461</u>	<u>5</u>	<u>3,088,229</u>	<u>11</u>
OPERATING EXPENSES (Notes 9, 23 and 29)				
Selling and marketing expenses	566,666	3	1,215,001	4
General and administrative expenses	242,188	1	355,449	1
Research and development expenses	224,216	1	176,353	1
Expected credit loss (reversal gain)	<u>3,764</u>	<u>-</u>	<u>(10,967)</u>	<u>-</u>
Total operating expenses	<u>1,036,834</u>	<u>5</u>	<u>1,735,836</u>	<u>6</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(87,373)</u>	<u>-</u>	<u>1,352,393</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 23 and 29)				
Interest income	28,611	-	5,917	-
Other income	334,098	2	449,203	2
Other gains and losses	48,764	-	541,487	2
Finance costs	(175,423)	(1)	(142,780)	(1)
Share of profit or loss of subsidiaries and associates	<u>514,647</u>	<u>2</u>	<u>1,133,550</u>	<u>4</u>
Total non-operating income and expenses	<u>750,697</u>	<u>3</u>	<u>1,987,377</u>	<u>7</u>
PROFIT BEFORE INCOME TAX	663,324	3	3,339,770	12
INCOME TAX BENEFIT (EXPENSE) (Notes 4 and 24)	<u>101,086</u>	<u>-</u>	<u>(515,983)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>764,410</u>	<u>3</u>	<u>2,823,787</u>	<u>10</u>

(Continued)

# SHINKONG SYNTHETIC FIBERS CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit (loss) plan	\$ 17,468	-	\$ (5,138)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	1,123,934	5	(965,759)	(3)
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	604,070	3	(421,685)	(2)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 24)	<u>(3,494)</u>	<u>-</u>	<u>1,027</u>	<u>-</u>
	<u>1,741,978</u>	<u>8</u>	<u>(1,391,555)</u>	<u>(5)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(40,439)	-	242,785	1
Share of the other comprehensive income (loss) of subsidiaries accounted for using the equity method	<u>8,609</u>	<u>-</u>	<u>(19,169)</u>	<u>-</u>
	<u>(31,830)</u>	<u>-</u>	<u>223,616</u>	<u>1</u>
Other comprehensive income (loss) for the year, net of income tax	<u>1,710,148</u>	<u>8</u>	<u>(1,167,939)</u>	<u>(4)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,474,558</u>	<u>11</u>	<u>\$ 1,655,848</u>	<u>6</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 0.47</u>		<u>\$ 1.75</u>	
Diluted	<u>\$ 0.47</u>		<u>\$ 1.75</u>	

The accompanying notes are an integral part of the parent company only financial statements.(Concluded)

SHINKONG SYNTHETIC FIBERS CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)

	Share Capital		Capital Surplus	Retained Earnings			Other Equity		Treasury Shares	Total Equity
	Share (In Thousand)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2022	1,618,409	\$ 16,184,093	\$ 1,946,797	\$ 1,793,632	\$ 2,328,591	\$ 9,740,444	\$ (391,252)	\$ 4,516,084	\$ (29,834)	\$ 36,088,555
Appropriation of 2021 earnings										
Legal reserve	-	-	-	461,198	-	(461,198)	-	-	-	-
Cash dividends	-	-	-	-	-	(2,265,773)	-	-	-	(2,265,773)
Actual partial acquisitions of interests in subsidiaries	-	-	6,199	-	-	-	-	-	-	6,199
Changes in percentage of ownership interests in subsidiaries	-	-	(2,684)	-	-	-	-	-	-	(2,684)
Net profit for the year ended December 31, 2022	-	-	-	-	-	2,823,787	-	-	-	2,823,787
Other comprehensive loss for the year ended December 31, 2022, net of income tax	-	-	-	-	-	(6,854)	242,785	(1,403,870)	-	(1,167,939)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	2,816,933	242,785	(1,403,870)	-	1,655,848
Disposal of investments in equity instruments designated as at fair value through other comprehensive income/disposal of the investments in equity instruments designated as at fair value through other comprehensive income by subsidiaries and associates	-	-	-	-	-	79,350	-	(79,350)	-	-
BALANCE AT DECEMBER 31, 2022	1,618,409	16,184,093	1,950,312	2,254,830	2,328,591	9,909,756	(148,467)	3,032,864	(29,834)	35,482,145
Appropriation of 2022 earnings										
Legal reserve	-	-	-	289,628	-	(289,628)	-	-	-	-
Cash dividends	-	-	-	-	-	(1,618,409)	-	-	-	(1,618,409)
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	1,988	-	-	-	-	-	-	1,988
Actual partial acquisitions of interests in subsidiaries	-	-	18,324	-	-	-	-	-	-	18,324
Changes in percentage of ownership interests in subsidiaries	-	-	(7,523)	-	-	-	-	-	-	(7,523)
Net profit for the year ended December 31, 2023	-	-	-	-	-	764,410	-	-	-	764,410
Other comprehensive loss for the year ended December 31, 2023, net of income tax	-	-	-	-	-	23,930	(40,439)	1,726,657	-	1,710,148
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	788,340	(40,439)	1,726,657	-	2,474,558
Disposal of the investments in equity instruments designated as at fair value through other comprehensive income by subsidiaries and associates	-	-	-	-	-	4,457	-	(4,457)	-	-
BALANCE AT DECEMBER 31, 2023	<u>1,618,409</u>	<u>\$ 16,184,093</u>	<u>\$ 1,963,101</u>	<u>\$ 2,544,458</u>	<u>\$ 2,328,591</u>	<u>\$ 8,794,516</u>	<u>\$ (188,906)</u>	<u>\$ 4,755,064</u>	<u>\$ (29,834)</u>	<u>\$ 36,351,083</u>

The accompanying notes are an integral part of the parent company only financial statements.

# SHINKONG SYNTHETIC FIBERS CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 663,324	\$ 3,339,770
Adjustments for:		
Depreciation expenses	628,102	560,579
Expected credit loss (reversal gain) recognized on trade receivables	3,764	(10,967)
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	9,506	(459)
Finance costs	175,423	142,780
Interest income	(28,611)	(5,917)
Dividend income	(232,387)	(278,730)
Write-downs of inventories	120,181	52,053
Share of profit of subsidiaries and associates	(514,647)	(1,133,550)
Gain on disposal of property, plant and equipment	(750)	(441)
Impairment loss recognized on property, plant and equipment	7,529	3,295
Unrealized gain on the transactions with subsidiaries and associates	15,716	139,993
Realized gain on the transactions with subsidiaries and associates	(71,354)	(86,069)
Net loss (gain) on foreign currency exchange	41,075	(173,632)
Recognition of provisions	5,904	7,996
Gain on lease modification	(1)	(93)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	16,418	82,303
Notes and trade receivables	157,052	1,017,126
Other receivables	14,079	53,348
Inventories	560,369	154,371
Prepayments	(16,439)	55,600
Other current assets	(1,025)	23,139
Trade payables	40,126	(576,224)
Other payables	(278,800)	(52,165)
Other current liabilities	(85,774)	(286,703)
Provisions	(61,316)	(199,172)
Cash generated from operations	1,167,464	2,828,231
Interest received	25,833	5,917
Dividend received	231,149	278,730
Interest paid	(174,468)	(140,382)
Income tax paid	(342,821)	(510,682)
Net cash generated from operating activities	907,157	2,461,814
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(42,354)	(102,771)
Proceeds from sale of financial assets at fair value through other comprehensive income	-	51,062
Acquisition of associates	(128,588)	(4,200)

(Continued)

# SHINKONG SYNTHETIC FIBERS CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Net cash outflow on acquisition of subsidiaries	\$ (734,462)	\$(1,327,666)
Return of capital on subsidiaries	484,184	-
(Increase) decrease in prepayments for property, plant and equipment	(6,034)	5
Payments for property, plant and equipment	(457,895)	(484,000)
Payments for investment properties	-	(35,711)
Proceeds from disposal of property, plant and equipment	1,552	1,900
Increase in refundable deposits	(1,688)	-
Decrease in refundable deposits	-	32,499
Decrease (increase) in other assets	620	(339)
Dividends received from subsidiaries and associates	<u>1,091,051</u>	<u>1,269,555</u>
Net cash generated from (used in) investing activities	<u>206,386</u>	<u>(599,666)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of short-term borrowings	1,640,000	62,304
Proceeds of (repayments of) short-term bills payable	99,981	(599,619)
Proceeds of long-term borrowings	-	568,082
Repayments of long-term borrowings	(1,452,397)	-
Proceeds from guarantee deposits received	2,307	336
Repayment of principal portion of lease liabilities	(28,738)	(29,895)
Dividends paid	<u>(1,618,409)</u>	<u>(2,265,773)</u>
Net cash used in financing activities	<u>(1,357,256)</u>	<u>(2,264,565)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>1,587</u>	<u>176,820</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(242,126)	(225,597)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,185,227</u>	<u>2,410,824</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,943,101</u>	<u>\$ 2,185,227</u>

The accompanying notes are an integral part of the parent company only financial statements.(Concluded)

# SHINKONG SYNTHETIC FIBERS CORPORATION

## NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

Shinkong Synthetic Fibers Corporation (the “Company”) was established in the Republic of China (ROC) in 1967 with an initial capital of \$22,500 thousand. As of December 31, 2020, the Company’s paid-in capital had increased to \$16,184,093 thousand. The Company manufactures and sells polyester polymers, polyester staple fibers, polyester textured yarns, polyester chips, pre-oriented yarns, polyester flat yarns, polyethylene terephthalate (PET) resins used in PET bottles and polyester base films. The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since August 1973.

The financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company’s board of directors on March 11, 2024.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies:

#### Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”

The amendments introduce a temporary exception to the requirements in IAS 12 by stipulating that the Company should neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments also require the Company to disclose that it has applied the exception and separately disclose its current tax expense (income) related to Pillar Two income taxes. In addition, for periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, the Company should disclose qualitative and quantitative information that helps users of financial statements understand the Company’s exposure to Pillar Two income taxes. The requirement that the Company apply the exception and the requirement to disclose that fact are applied immediately

and retrospectively upon issuance of the amendments. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the parent company only financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company’s financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall,

at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

##### **a. Statement of compliance**

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

##### **b. Basis of preparation**

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investment in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owner of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, associates and joint ventures, the share of other comprehensive income of subsidiaries, associates and joint ventures and the related equity items, as appropriate, in these parent company only financial statements.

##### **c. Classification of current and non-current assets and liabilities**

Current assets include:

- 1) Assets held primarily for the purpose of trading;

- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction (i.e., not retranslated).

For the purposes of presenting the parent company only financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries, associates, joint ventures and branches in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollars, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the

exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials, supplies, finished goods and work in process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity (including a structured entity) that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount

of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investments in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Company uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of equity of associates attributable to the Company.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture, the Company continues to apply the equity method and does not remeasure the retained interest.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's financial statements only to the extent of interests in the associate that are not related to the Company.

#### h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those and the cost of those are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

#### i. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Impairment of property, plant and equipment, right-of-use asset, and investment properties

At the end of each reporting period, the Company reviews the carrying amounts of its tangible property, plant and equipment, right-of-use asset, and investment properties to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 28.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, note, trade and overdue receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI, lease receivables, as well as contract assets.

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables and lease receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 180 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However,

on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

## 2) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types and calculated separately by repurchase category. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

## 3) Financial liabilities

### a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

#### Financial guarantee contracts

Financial guarantee contracts issued by the Company, if not designated as at FVTPL, are subsequently measured at the higher of:

- i. The amount of the loss allowance reflecting expected credit losses; and
- ii. The amount initially recognized less, where appropriate, the cumulative amount of amortization recognized in accordance with the revenue recognition policies.

### b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

## 4) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts and cross currency swaps.

Derivatives are initially recognized at fair value at the date on which the derivative

contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

#### l. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

#### m. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Company transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Company does not adjust the promised amount of consideration for the effects of a significant financing component.

##### 1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of goods. Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

##### 2) Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and at the applicable effective interest rate.

n. Leasing

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

o. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as a deduction from the carrying amount of the relevant assets and recognized in profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to

the present value of any refunds from the plans or reductions in future contributions to the plans.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the

reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Company has applied the exception from the recognition and disclosure of deferred tax assets and liabilities relating to Pillar Two income taxes. Accordingly, the Company neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

### 3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

Where current tax or deferred tax arises from the initial accounting for the acquisition of a subsidiary, the tax effect is included in the accounting for the investments in the subsidiaries.

#### s. Treasury shares

When the Company acquires its outstanding shares that have not been disposed of or retired, treasury shares are stated at cost and shown as a deduction in stockholders' equity. When treasury shares are sold, if the selling price is above the carrying value, the differences should be credited to the capital surplus - treasury stock transactions. If the selling price is below the carrying value, the differences should first be offset against capital surplus from the same class of treasury stock transactions, and the remainder, if any, debited to retained earnings. The carrying value of treasury stock is calculated using the weighted-average approach in accordance with the purpose of the acquisition.

When the Company's treasury shares are retired, the treasury stock account should be credited, and the capital surplus - premium on stock account and capital stock account should be debited proportionately according to the share ratio. The carrying value of treasury shares in excess of the sum of its par value and premium on stock should first be offset against capital surplus from the same class of treasury stock transactions, and the remainder, if any, debited to retained earnings. The sum of the par value and premium on treasury stock in excess of its carrying value should be credited to capital surplus from the same class of treasury stock transactions.

The Company accounts for its stock held by subsidiaries as treasury stock.

## **5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company's accounting policies, management is required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Company considers the possible impact of the international political and economic situation on the cash flow projection, growth rates, discount

rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Cash on hand	\$ 1,163	\$ 1,086
Foreign currency demand deposits	1,201,014	1,600,712
Checking accounts	352,175	537,811
Demand deposits	47,923	45,618
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	<u>340,826</u>	<u>-</u>
	<u>\$ 1,943,101</u>	<u>\$ 2,185,227</u>

As of December 31, 2023 and 2022, the market rate intervals of cash in the bank and repurchase agreements collateralized by bonds was 0.001%-5.55% and 0.001%-1.05%, respectively.

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	<u>\$ 2,055</u>	<u>\$ 2,295</u>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Limited partnership funds	\$ 63,724	\$ 58,064
Hybrid financial assets		
Puttable preference shares	<u>-</u>	<u>31,344</u>
	<u>\$ 63,724</u>	<u>\$ 89,408</u>

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
<u>Current</u>		
Investments in equity instruments at FVTOCI	<u>\$ 660,993</u>	<u>\$ 629,661</u>
<u>Non-current</u>		
Investments in equity instruments at FVTOCI	<u>\$ 8,167,609</u>	<u>\$ 7,032,653</u>
<u>Investments in equity instruments at FVTOCI</u>		
	December 31	
	2023	2022
<u>Current</u>		
Domestic investments		
Listed shares and emerging market shares	<u>\$ 660,993</u>	<u>\$ 629,661</u>
<u>Non-current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ 6,116,384	\$ 5,271,176
Unlisted shares	2,051,225	1,761,463
Foreign investments		
Unlisted shares	-	14
	<u>\$ 8,167,609</u>	<u>\$ 7,032,653</u>

These investments in equity instruments are held for medium to long-term strategic purposes. Refer to Table 2 for details of the investments. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

In 2023 and 2022, the Company acquired ordinary shares of domestic investments for \$42,354 thousand and \$102,771 thousand, respectively, for medium to long-term strategic purposes; the management designated these investments as at FVTOCI.

In 2022, the Company sold its shares in domestic investments in order to manage credit concentration risk. The shares sold had a fair value of \$51,062 thousand, and its related unrealized valuation gain of \$35,672 thousand were transferred from other equity to retained earnings.

Refer to Note 30 for information relating to investments in equity instruments at FVTOCI pledged as security.

## 9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 36,908	\$ 35,925
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 36,908</u>	<u>\$ 35,925</u>
Notes receivable - operating	\$ 36,908	\$ 35,925
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 36,908</u>	<u>\$ 35,925</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 2,377,690	\$ 2,574,505
Less: Allowance for impairment loss	<u>(49,891)</u>	<u>(44,927)</u>
	<u>\$ 2,327,799</u>	<u>\$ 2,529,578</u>
<u>Other receivables</u>		
Service revenue	\$ 33,822	\$ 32,006
Others	<u>207,304</u>	<u>219,183</u>
	<u>\$ 241,126</u>	<u>\$ 251,189</u>

### Trade Receivables

Credit periods are typically provided in the Company's sales agreements. Before accepting any new customer, the Company assesses the potential customer's credit quality and defines its credit limits. Credit limits and scores attributed to customers are reviewed regularly.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an

assessment of both the current as well as the forecast direction of economic conditions at the reporting date.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation, or when the trade receivables are past due. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's credit classification matrix.

#### December 31, 2023

	Credit Classification - Type A	Credit Classification - Type B	Credit Classification - Type C	Credit Classification - Type D	Credit Classification - Type E	Total
Expected credit loss rate	No less than 1%	4%	15%	50%	100%	
Gross carrying amount	\$ 1,685,778	\$ 689,060	\$ 2,852	\$ -	\$ -	\$ 2,377,690
Loss allowance (Lifetime ECLs)	<u>(21,901)</u>	<u>(27,562)</u>	<u>(428)</u>	<u>-</u>	<u>-</u>	<u>(49,891)</u>
Amortized cost	<u>\$ 1,663,877</u>	<u>\$ 661,498</u>	<u>\$ 2,424</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,327,799</u>

#### December 31, 2022

	Credit Classification - Type A	Credit Classification - Type B	Credit Classification - Type C	Credit Classification - Type D	Credit Classification - Type E	Total
Expected credit loss rate	No less than 1%	4%	15%	50%	100%	
Gross carrying amount	\$ 2,248,589	\$ 322,312	\$ 3,604	\$ -	\$ -	\$ 2,574,505
Loss allowance (Lifetime ECLs)	<u>(31,494)</u>	<u>(12,892)</u>	<u>(541)</u>	<u>-</u>	<u>-</u>	<u>(44,927)</u>
Amortized cost	<u>\$ 2,217,095</u>	<u>\$ 309,420</u>	<u>\$ 3,063</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,529,578</u>

The movements of the loss allowance of note receivables and trade receivables were as follows:

	2023	2022
Balance at January 1	\$ 44,927	\$ 54,694
Add: Net remeasurement of loss allowance	4,964	-
Less: Net remeasurement of loss allowance	<u>-</u>	<u>(9,767)</u>
Balance at December 31	<u>\$ 49,891</u>	<u>\$ 44,927</u>

The movements of the loss allowance of overdue receivables were as follows:

	2023	2022
Balance at January 1	\$ 64,688	\$ 65,888
Less: Net remeasurement of loss allowance	<u>(1,200)</u>	<u>(1,200)</u>
Balance at December 31	<u>\$ 63,488</u>	<u>\$ 64,688</u>

Aging analysis of note receivables and trade receivables were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Not past due	\$ 2,159,899	\$ 2,144,599
Past due 1-90 days	244,912	454,174
Past due 91-180 days	8,179	11,657
Past due 181-360 days	1,608	-
Past due over 360 days (Note)	<u>-</u>	<u>-</u>
	<u>\$ 2,414,598</u>	<u>\$ 2,610,430</u>

Note: The above aging schedule was based on the number of past due days from the end of the credit term.

## 10. INVENTORIES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Finished goods	\$ 1,691,778	\$ 2,195,250
Work in process	394,780	337,376
Raw materials	595,259	829,728
Semi-finished goods	<u>-</u>	<u>13</u>
	<u>\$ 2,681,817</u>	<u>\$ 3,362,367</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was \$20,924,491 thousand and \$24,870,009 thousand, respectively.

As of December 31, 2023 and 2022, the allowance for write-down of inventories was \$469,504 thousand and \$349,323 thousand, respectively.

## 11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Investments in subsidiaries	\$ 25,491,555	\$ 25,147,242
Investments in associates	<u>366,319</u>	<u>267,503</u>
	<u>\$ 25,857,874</u>	<u>\$ 25,414,745</u>

a. Investments in subsidiaries

	December 31			
	2023		2022	
	Proportion of Ownership and Voting Rights %	Carrying Amount	Proportion of Ownership and Voting Rights %	Carrying Amount
Listed companies				
UBright Optronics Corp.	56.40	\$ 1,871,860	56.49	\$ 1,831,349
Unlisted companies				
Pan Asian Plastics Corp.	100.00	2,245,670	100.00	1,693,473
Hsingshing Investment Co., Ltd.	100.00	1,751,440	100.00	1,726,355
Shinkong Engineering Co., Ltd.	100.00	571,636	100.00	555,602
Shinpont Industry Inc.	49.99	513,079	49.99	525,713
Shin Chiun Industrial Co., Ltd.	100.00	888,843	100.00	881,375
Maxima Pacific Ltd.	100.00	1,974,872	100.00	2,452,860
SSFC Investment Ltd.	100.00	2,751,595	100.00	2,661,872
Shinkong Polyester Film Co., Ltd.	100.00	438,300	100.00	540,215
Shinkong International Securities Co., Ltd.	77.73	4,334,190	77.73	4,042,939
Pan Asian Plastics Industry Corp.	100.00	546,782	100.00	589,540
Tac Bright Optronics Corp.	56.86	1,187,738	56.86	1,300,534
Taipei Star Bank	27.07	1,482,380	27.07	1,467,713
Chi Jian Human-Resource & Management Co., Ltd.	100.00	5,480	100.00	5,536
Hsinshin Asset Management Co., Ltd.	100.00	63,367	100.00	61,066
Shin Kong International Leasing Corp.	100.00	1,458,209	100.00	1,209,858
Shin Kong Technologies Corp.	100.00	33,221	100.00	35,026
OTBUY Co., Ltd.	60.00	3,689	60.00	4,605
Shinkong Applied Materials Co., Ltd.	73.33	5,922	73.33	6,322
Far Trust International Finance Co., Ltd.	30.97	432,199	30.97	428,093
ShinKong Fintech Co., Ltd.	100.00	48,922	100.00	49,214
Shinkong Youth Co., Ltd.	100.00	449,185	100.00	490,502
SHINKONG VIETNAM, LLC.	100.00	85,291	100.00	88,320
Thai Shinkong Industry Corp. Ltd.	62.04	2,365,240	62.04	2,545,172
Chi Teng Construction Co., Ltd.	100.00	4,950	-	-

<b>December 31</b>				
	<b>2023</b>		<b>2022</b>	
	<b>Proportion of Ownership and Voting Rights %</b>	<b>Carrying Amount</b>	<b>Proportion of Ownership and Voting Rights %</b>	<b>Carrying Amount</b>
SHINKONG VIETNAM ENTERPRISE COMPANY LIMITED	100.00	14,727	-	-
		25,528,787		25,193,254
Transferred to treasury stock		<u>(37,232)</u>		<u>(46,012)</u>
		<u><u>\$ 25,491,555</u></u>		<u><u>\$ 25,147,242</u></u>

Note 1: Refer to Note 22 for the Company's shares held by its subsidiaries, which are regarded as treasury stock.

Note 2: Except for Chi Jian Human-Resource & Management Co., Ltd., Shinkong Applied Materials Co., Ltd., OTBUY Co., Ltd., and Chi Teng Construction Co., Ltd., investments were accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have been audited. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements which have not been audited.

Note 3: Refer to Table 6 for the details of the subsidiaries indirectly held by the Company.

Note 4: In 2023 and 2022, the Company's subsidiaries sold their investments in equity instruments at FVTOCI; and the Company's related unrealized valuation gain of \$4,457 thousand and \$43,678 thousand was transferred from other equity to retained earnings, respectively.

Note 5: In March 2022, Shinkong Youth Co., Ltd. was established by the Company through issuance of ordinary shares for cash, with a shareholding percentage of 100.00%.

Note 6: In March 2022, SHINKONG VIETNAM LLC. was established by the Company through issuance of ordinary shares for cash, with a shareholding percentage of 100.00%.

Note 7: For the purpose of organizational restructuring, the Company acquired the equity shares of Thai Shinkong Industry Corporation Ltd. from the Company's subsidiary MAXIMA PACIFIC LTD. in December 2022, with a shareholding percentage of 62.04%.

Note 8: In July 2023, Chi Teng Construction Co., Ltd. was established by the Company through issuance of ordinary shares for cash, with a shareholding percentage of 100.00%.

Note 9: In October 2023, SHINKONG VIETNAM ENTERPRISE COMPANY LIMITED was

established by the Company through issuance of ordinary shares for cash, with a shareholding percentage of 100.00%.

b. Investments in associates

	December 31			
	2023		2022	
	Proportion of Ownership and Voting Rights %	Carrying Amount	Proportion of Ownership and Voting Rights %	Carrying Amount
Unlisted company				
Tai Jin Investment Co., Ltd.	48.57	\$ 7,183	48.57	\$ 7,056
Topbottle Resources Technology Corporation	20.00	17,583	20.00	24,476
Ecofun Lab Corporation	33.33	8,897	33.33	11,474
Shinsol Advanced Chemical Corporation	43.63	<u>332,656</u>	49.00	<u>224,497</u>
		<u>\$ 366,319</u>		<u>\$ 267,503</u>

- 1) In August 2022, the Company subscribed additional new ordinary shares of Ecofun Lab Corporation for \$4,200 thousand with its existing ownership percentage.
- 2) In April 2023, the Company subscribed additional new ordinary shares of Shinsol Advanced Chemical Corporation for \$128,588 thousand at a percentage different from its existing ownership percentage, decreasing its continuing interest from 49.00% to 43.63%.

The summarized financial information below represents the amounts shown in the associates' financial statements prepared in accordance with IFRS Accounting Standards adjusted by the Company for equity accounting purposes:

	For the Year Ended December 31	
	2023	2022
The Company's share of:		
Loss for the year	\$(34,138)	\$ (8,678)
Other comprehensive income	<u>128</u>	<u>(61)</u>
Total comprehensive income for the year	<u>\$(34,010)</u>	<u>\$ (8,739)</u>

The share of profit or loss and other comprehensive income of these investments accounted for using the equity method was calculated based on financial statements which has not been audited. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements which have not been audited.

## 12. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Other Equipment	Office Equipment	Property under Construction	Total
<u>Cost</u>								
Balance at January 1, 2023	\$ 5,125,482	\$ 3,526,319	\$ 13,717,291	\$ 81,593	\$ 71,108	\$ 63,783	\$ 182,980	\$ 22,768,556
Additions	2,729	-	10,304	-	-	10,121	409,565	432,719
Disposals	-	(2,220)	(144,301)	-	-	-	(802)	(147,323)
Reclassified	-	104,656	317,626	8,832	5,343	1,136	(437,593)	-
Balance at December 31, 2023	<u>\$ 5,128,211</u>	<u>\$ 3,628,755</u>	<u>\$ 13,900,920</u>	<u>\$ 90,425</u>	<u>\$ 76,451</u>	<u>\$ 75,040</u>	<u>\$ 154,150</u>	<u>\$ 23,053,952</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2023	\$ -	\$ 2,416,030	\$ 11,644,679	\$ 64,375	\$ 63,979	\$ 22,707	\$ -	\$ 14,211,770
Disposals	-	(2,220)	(144,301)	-	-	-	-	(146,521)
Impairment losses recognized	-	3,295	4,234	-	-	-	-	7,529
Depreciation expenses	-	104,618	435,753	6,585	4,742	15,097	-	566,795
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 2,521,723</u>	<u>\$ 11,940,365</u>	<u>\$ 70,960</u>	<u>\$ 68,721</u>	<u>\$ 37,804</u>	<u>\$ -</u>	<u>\$ 14,639,573</u>
Carrying amounts at December 31, 2023	<u>\$ 5,128,211</u>	<u>\$ 1,107,032</u>	<u>\$ 1,960,555</u>	<u>\$ 19,465</u>	<u>\$ 7,730</u>	<u>\$ 37,236</u>	<u>\$ 154,150</u>	<u>\$ 8,414,379</u>
<u>Cost</u>								
Balance at January 1, 2022	\$ 5,087,271	\$ 3,387,285	\$ 13,220,548	\$ 76,350	\$ 66,050	\$ 36,076	\$ 417,032	\$ 22,290,612
Additions	38,211	-	27,104	-	-	41,551	385,913	492,779
Disposals	-	-	(388)	-	-	(14,447)	-	(14,835)
Reclassified	-	139,034	470,027	5,243	5,058	603	(619,965)	-
Balance at December 31, 2022	<u>\$ 5,125,482</u>	<u>\$ 3,526,319</u>	<u>\$ 13,717,291</u>	<u>\$ 81,593</u>	<u>\$ 71,108</u>	<u>\$ 63,783</u>	<u>\$ 182,980</u>	<u>\$ 22,768,556</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2022	\$ -	\$ 2,333,552	\$ 11,235,739	\$ 57,357	\$ 58,675	\$ 31,655	\$ -	\$ 13,716,978
Disposals	-	-	(388)	-	-	(12,988)	-	(13,376)
Impairment losses recognized	-	3,295	-	-	-	-	-	3,295
Depreciation expenses	-	79,183	409,328	7,018	5,304	4,040	-	504,873
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 2,416,030</u>	<u>\$ 11,644,679</u>	<u>\$ 64,375</u>	<u>\$ 63,979</u>	<u>\$ 22,707</u>	<u>\$ -</u>	<u>\$ 14,211,770</u>
Carrying amounts at December 31, 2022	<u>\$ 5,125,482</u>	<u>\$ 1,110,289</u>	<u>\$ 2,072,612</u>	<u>\$ 17,218</u>	<u>\$ 7,129</u>	<u>\$ 41,076</u>	<u>\$ 182,980</u>	<u>\$ 8,556,786</u>

The above items of property, plant and equipment used by the Company are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	3-55 years
Machinery equipment	4-17 years
Transportation equipment	3-6 years
Office equipment	3-16 years
Other equipment	3-15 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 30.

## 13. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Carrying amounts</u>		
Buildings	\$ 64,760	\$ 72,177
Machinery	3,028	3,109
Transportation equipment	1,698	3,786
Office equipment	<u>2,719</u>	<u>3,085</u>
	<u>\$ 72,205</u>	<u>\$ 82,157</u>

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Additions to right-of-use assets	<u>\$ 21,033</u>	<u>\$ 35,111</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 25,589	\$ 26,114
Machinery	2,355	1,754
Transportation equipment	2,243	2,223
Office equipment	<u>649</u>	<u>642</u>
	<u>\$ 30,836</u>	<u>\$ 30,733</u>

b. Lease liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Carrying amounts</u>		
Current	<u>\$ 33,526</u>	<u>\$ 25,599</u>
Non-current	<u>\$ 42,159</u>	<u>\$ 57,941</u>

Range of discount rate for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Buildings	0.70%-1.32%	0.70%-1.01%
Machinery	0.75%-1.32%	0.75%-1.20%
Transportation equipment	0.74%-1.20%	0.74%-1.15%
Office equipment	0.76%-1.32%	0.76%-1.18%

c. Material lease activities and terms (the Company is lessee)

The Company leases certain equipment for the use of operating activities with lease terms of 2 to 7 years.

The Company also leases certain land and buildings for the use of offices and operating locations with lease terms of 2 to 5 years. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases and low-value asset leases	<u>\$ 22,749</u>	<u>\$ 46,054</u>
Total cash outflow for leases	<u>\$(52,124)</u>	<u>\$(76,655)</u>

The Company has elected to apply the recognition exemption for leases which qualify as short-term and low-value asset leases and thus, did not recognize right-of-use assets and lease liabilities for these leases.

#### 14. INVESTMENT PROPERTIES

	<b>Investment Properties</b>
<u>Cost</u>	
Balance at January 1, 2023	<u>\$ 3,610,364</u>
Balance at December 31, 2023	<u>\$ 3,610,364</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2023	\$ (628,334)
Depreciation expenses	<u>(30,471)</u>
Balance at December 31, 2023	<u>\$ (658,805)</u>
Carrying amount at December 31, 2023	<u>\$ 2,951,559</u>
<u>Cost</u>	
Balance at January 1, 2022	\$ 3,574,653
Additions	<u>35,711</u>
Balance at December 31, 2022	<u>\$ 3,610,364</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2022	\$ (603,361)

	<b>Investment Properties</b>
Depreciation expenses	<u>(24,973)</u>
Balance at December 31, 2022	<u>\$ (628,334)</u>
Carrying amount at December 31, 2022	<u>\$ 2,982,030</u> (Concluded)

Investment properties are depreciated using the straight-line method over their estimated useful lives of 9 to 46 years.

The fair value of the Company's investment properties as of December 31, 2023 and 2022 was \$3,672,644 thousand and \$3,454,700 thousand, respectively. The management of the Company used the valuation model that market participants would use in determining the fair value. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

All of the Company's investment property was held under freehold interests. The investment properties pledged as collateral for bank borrowing are set out in Note 30.

## 15. OTHER ASSETS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Current</u>		
Prepayments to suppliers	\$ 135,398	\$ 118,397
Others	<u>19,267</u>	<u>18,804</u>
	<u>\$ 154,665</u>	<u>\$ 137,201</u>
<u>Non-current</u>		
Overdue receivables	\$ 63,488	\$ 64,688
Loss allowance for overdue receivables	(63,488)	(64,688)
Refundable deposits	27,684	25,996
Prepayments for equipment	6,034	-
Others	<u>1,061</u>	<u>1,681</u>
	<u>\$ 34,779</u>	<u>\$ 27,677</u>

## 16. BORROWINGS

a. Short-term borrowings

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Secured borrowings</u>		
Bank borrowing	\$ 250,000	\$ -
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>2,700,000</u>	<u>1,310,000</u>
	<u>\$ 2,950,000</u>	<u>\$ 1,310,000</u>

The range of weighted average effective interest rate on bank loans was 1.68%-1.80% and 1.42%-1.96% per annum as of December 31, 2023 and 2022, respectively.

b. Short-term bills payable

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Commercial paper	\$ 100,000	\$ -
Less: Unamortized discount on bills payable	<u>(19)</u>	<u>-</u>
	<u>\$ 99,981</u>	<u>\$ -</u>

Outstanding short-term bills payable were as follows:

December 31, 2023

<b>Promissory Institution</b>	<b>Nominal Amount</b>	<b>Discount Amount</b>	<b>Carrying Amount</b>	<b>Interest Rate</b>	<b>Collateral</b>
Mega Bills Finance Corporation	<u>\$ 100,000</u>	<u>\$ 19</u>	<u>\$ 99,984</u>	1.53%	None

c. Long-term borrowings

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Taiwan Bank	\$ 1,800,000	\$ 2,400,000
BEA Bank	300,000	100,000
Hua Nan Commercial Bank	140,000	220,000
E.Sun Bank	37,855	52,444
Yuanta Bank	500,000	300,000
MUFG Bank	-	300,000
Dayspring Limited	-	661,200
		(Continued)

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Mizuho Bank, Ltd.	200,000	450,000
First Bank (Syndicated Loan)	-	1,200,000
Bank SinoPac	\$ 500,000	\$ -
Far Eastern International Bank	250,000	-
Mega Bank	<u>500,000</u>	<u>-</u>
	4,227,855	5,683,644
Less: Current portion	(99,751)	(94,589)
Less: Unamortized discounts on commercial papers	<u>(137)</u>	<u>(3,529)</u>
Long-term borrowings	<u>\$ 4,127,967</u>	<u>\$ 5,585,526</u> (Concluded)

The range of weighted average effective interest rate on the bank borrowings was 1.20%-1.96% and 1.075%-2.70% per annum as of December 31, 2023 and 2022, respectively.

Refer to Note 30 for information relating to assets pledged as security for bank borrowings.

## 17. BONDS PAYABLE

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Secured domestic bonds	\$ 5,000,000	\$ 5,000,000
Less: Current portion	<u>-</u>	<u>-</u>
	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>

- a. The Company issued its first secured domestic bonds on November 19, 2020, which was approved under ruling reference No. 10900126701 issued by the Taipei Exchange on November 10, 2020. Details of the secured domestic bonds issuance are summarized as follows:

- 1) Total approved principal: \$1,500,000 thousand.
- 2) Principal issued: \$1,500,000 thousand.
- 3) Denomination: \$1,000 thousand, issued at par.
- 4) Period: 5 years with maturity date on November 19, 2025.
- 5) Nominal interest rate: Fixed interest rate of 0.58%.
- 6) Repayment: The secured domestic bonds will be paid on the maturity date.
- 7) The interest will be paid annually from the issuance date.

- 8) Secured: Secured by bank.
- b. The Company issued its first secured domestic bonds on January 14, 2021, which was approved under ruling reference No. 10900149071 issued by the Taipei Exchange on January 5, 2021. Details of the secured domestic bonds issuance are summarized as follows:
- 1) Total approved principal: \$1,500,000 thousand.
  - 2) Principal issued: \$1,500,000 thousand.
  - 3) Denomination: \$1,000 thousand, issued at par.
  - 4) Period: 5 years with maturity date on January 14, 2026.
  - 5) Nominal interest rate: Fixed interest rate of 0.56%.
  - 6) Repayment: The secured domestic bonds will be paid on the maturity date.
  - 7) The interest will be paid annually from the issuance date.
  - 8) Secured: Secured by bank.
- c. The Company issued its first secured domestic bonds on October 28, 2021, which was approved under ruling reference No. 11000117541 issued by the Taipei Exchange on October 20, 2021. Details of the secured domestic bonds issuance are summarized as follows:
- 1) Total approved principal: \$2,000,000 thousand.
  - 2) Principal issued: \$2,000,000 thousand.
  - 3) Denomination: \$1,000 thousand, issued at par.
  - 4) Period: 5 years with maturity date on October 28, 2026.
  - 5) Nominal interest rate: Fixed interest rate of 0.54%.
  - 6) Repayment: The secured domestic bonds will be paid on the maturity date.
  - 7) The interest will be paid annually from the issuance date.
  - 8) Secured: Secured by bank.

## 18. TRADE PAYABLES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Trade payables</u>		
Operating	<u>\$ 1,217,099</u>	<u>\$ 1,174,291</u>

## 19. OTHER LIABILITIES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Current</u>		
Other payables		
Payables for purchase of equipment	\$ 72,826	\$ 98,002
Payables for salaries or bonuses	104,779	355,803
Payables for annual leave	17,638	24,171
Payables for utilities	72,255	74,469
Provisions for loss on lawsuit	66,589	66,589
Payables for investment	1,863,425	1,855,536
Others	<u>149,770</u>	<u>175,733</u>
	<u>\$ 2,347,282</u>	<u>\$ 2,650,303</u>
Other liabilities		
Advance receipts	\$ 166,915	\$ 237,544
Others	<u>16,857</u>	<u>32,002</u>
	<u>\$ 183,772</u>	<u>\$ 269,546</u>

## 20. PROVISIONS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Non-current</u>		
Employee retirement benefits	<u>\$ 67,450</u>	<u>\$ 140,330</u>

Refer to Note 21 for information relating to employee retirement benefits.

## 21. RETIREMENT BENEFIT PLANS

### a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

### b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 9% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are

deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the parent company only balance sheets in respect of the Company's defined benefit plan were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Present value of defined benefit obligation	\$ 699,930	\$ 783,764
Fair value of plan assets	<u>(632,480)</u>	<u>(643,434)</u>
Net defined benefit liabilities	<u>\$ 67,450</u>	<u>\$ 140,330</u>

Movements in net defined benefit liabilities (assets) were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance at January 1, 2023	<u>\$ 783,764</u>	<u>\$(643,434)</u>	<u>\$ 140,330</u>
Service cost			
Current service cost	3,928	-	3,928
Net interest expense (income)	<u>11,037</u>	<u>(9,061)</u>	<u>1,976</u>
Recognized in profit or loss	<u>14,965</u>	<u>(9,061)</u>	<u>5,904</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,169)	(4,169)
Actuarial loss			
Changes in financial assumptions	(24,967)	-	(24,967)
Experience adjustments	<u>11,668</u>	<u>-</u>	<u>11,668</u>
Recognized in other comprehensive income	<u>(13,299)</u>	<u>(4,169)</u>	<u>(17,468)</u>
Contributions from the employer	-	(30,648)	(30,648)
Benefits paid	<u>(85,500)</u>	<u>54,832</u>	<u>(30,668)</u>
Balance at December 31, 2023	<u>\$ 699,930</u>	<u>\$(632,480)</u>	<u>\$ 67,450</u>
Balance at January 1, 2022	<u>\$ 805,358</u>	<u>\$(478,990)</u>	<u>\$ 326,368</u>
Service cost			
Current service cost	4,569	-	4,569
Net interest expense (income)	<u>8,456</u>	<u>(5,029)</u>	<u>3,427</u>
Recognized in profit or loss	<u>13,025</u>	<u>(5,029)</u>	<u>7,996</u>
Remeasurement			
Return on plan assets (excluding	-	(36,099)	(36,099)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
amounts included in net interest)			
Actuarial loss			
Changes in financial assumptions	42,049	-	42,049
Experience adjustments	<u>(812)</u>	<u>-</u>	<u>(812)</u>
Recognized in other comprehensive income	<u>41,237</u>	<u>(36,099)</u>	<u>5,138</u>
Contributions from the employer	-	(169,425)	(169,425)
Benefits paid	<u>(75,856)</u>	<u>46,109</u>	<u>(29,747)</u>
Balance at December 31, 2022	<u>\$ 783,764</u>	<u>\$(643,434)</u>	<u>\$ 140,330</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate(s)	1.3392%	1.4082%
Expected rate(s) of salary increase	1.00%	1.50%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate(s)		
0.25% increase	<u>\$(14,119)</u>	<u>\$(16,721)</u>
0.25% decrease	<u>\$ 14,570</u>	<u>\$ 17,277</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 14,439</u>	<u>\$ 17,053</u>
0.25% decrease	<u>\$(14,509)</u>	<u>\$(16,586)</u>

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Expected contributions to the plan for the next year	<u>\$ 40,289</u>	<u>\$ 35,517</u>
Average duration of the defined benefit obligation	8.38 years	8.87 years

## 22. EQUITY

### a. Share capital

#### Ordinary shares

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Shares authorized (in thousands of shares)	<u>2,800,000</u>	<u>2,800,000</u>
Shares authorized	<u>\$ 28,000,000</u>	<u>\$ 28,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>1,618,409</u>	<u>1,618,409</u>
Shares issued	<u>\$ 16,184,093</u>	<u>\$ 16,184,093</u>

Fully paid ordinary shares, which have a par value of NT\$10, carry one vote per share and carry a right to dividends.

### b. Capital surplus

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	\$ 272,247	\$ 272,247
Conversion of bonds	163,223	163,223
Treasury share transactions	275,547	275,547
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	<u>453,739</u>	<u>435,415</u>
	<u>1,164,756</u>	<u>1,146,432</u>
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interests in subsidiaries (2)	796,357	803,880
Share of changes in capital surplus of associates	<u>1,988</u>	<u>-</u>
	<u>798,345</u>	<u>803,880</u>
	<u>\$ 1,963,101</u>	<u>\$ 1,950,312</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividend policy as set forth in the amended Company's Articles of Incorporation (the "Articles"), where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be for distribution of dividends to shareholders of preference shares first, and then for distribution of dividends to shareholders of ordinary shares, and the board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting.

For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to employees' compensation and remuneration of directors in Note 23-g.

The Company's Articles also stipulate a dividends policy whereby the issuance of stock dividends or the payment of cash dividends. In principle, cash dividends are limited to 20% of the total dividends distributed.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

When a special reserve is appropriated for cumulative net debit balance reserves from prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2022 and 2021 were as follows:

	<b>Appropriation of Earnings For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Legal reserve	<u>\$ 289,628</u>	<u>\$ 461,198</u>
Cash dividends	<u>\$ 1,618,409</u>	<u>\$ 2,265,773</u>
Cash dividends per share (NT\$)	\$ 1.00	\$ 1.40

The above appropriations for cash dividends were resolved by the Company's board of directors on March 13, 2023 and March 14, 2022, respectively; the other proposed appropriations were resolved by the shareholders in their meeting on June 2, 2023 and May 30, 2022, respectively.

The appropriation of earnings for 2023, which were proposed by the Company's board of directors on March 11, 2024, were as follows:

	<b>For the Year Ended December 31, 2023</b>
Legal reserve	<u>\$ 79,280</u>
Cash dividends	<u>\$ 890,125</u>
Cash dividends per share (NT\$)	\$ 0.55

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on May 30, 2024.

d. Special reserve

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1 and December 31	<u>\$ 2,328,591</u>	<u>\$ 2,328,591</u>

On first-time adoption of IFRS Accounting Standards, the Company appropriated for special reserve, the amounts that was the same as unrealized revaluation increment transferred to

retained earnings, which was \$1,673,314 thousand.

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$(148,467)	\$(391,252)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(41,124)	378,921
Share from subsidiaries and associates accounted for using the equity method	<u>685</u>	<u>(136,136)</u>
Balance at December 31	<u><u>\$(188,906)</u></u>	<u><u>\$(148,467)</u></u>

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 3,032,864	\$ 4,516,084
Recognized for the year		
Unrealized gain (loss) - equity instruments	1,123,934	(965,759)
Share from subsidiaries and associates accounted for using the equity method	<u>602,723</u>	<u>(438,111)</u>
Other comprehensive income recognized for the year	<u>1,726,657</u>	<u>(1,403,870)</u>
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	<u>(4,457)</u>	<u>(79,350)</u>
Balance at December 31	<u><u>\$ 4,755,064</u></u>	<u><u>\$ 3,032,864</u></u>

f. Treasury shares

<b>Purpose of Buy-Back</b>	<b>Shares Transferred to Employees (In Thousands of Shares)</b>	<b>Shares Cancelled (In Thousands of Shares)</b>	<b>Shares Held by Its Subsidiaries (In Thousands of Shares)</b>	<b>Total (In Thousands of Shares)</b>
Number of shares at January 1, 2022	-	-	4,680	4,680
Increase during the year	-	-	-	-
Decrease during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

<b>Purpose of Buy-Back</b>	<b>Shares Transferred to Employees (In Thousands of Shares)</b>	<b>Shares Cancelled (In Thousands of Shares)</b>	<b>Shares Held by Its Subsidiaries (In Thousands of Shares)</b>	<b>Total (In Thousands of Shares)</b>
Number of shares at December 31, 2022	<u>-</u>	<u>-</u>	<u>4,680</u>	<u>4,680</u>
Number of shares at January 1, 2023	-	-	4,680	4,680
Increase during the year	-	-	-	-
Decrease during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Number of shares at December 31, 2023	<u>-</u>	<u>-</u>	<u>4,680</u>	<u>4,680</u>

Related information regarding shares of the Company held by its subsidiaries on the balance sheet date was as follows:

<b>Name of Subsidiary</b>	<b>Number of Shares Held (In Thousands)</b>	<b>Carrying Amount</b>	<b>Market Price</b>
<u>December 31, 2023</u>			
Hsin Lung Chemical Co., Ltd.	4,680	<u>\$ 72,782</u>	<u>\$ 72,782</u>
<u>December 31, 2022</u>			
Hsin Lung Chemical Co., Ltd.	4,680	<u>\$ 82,143</u>	<u>\$ 82,143</u>

Hsin Lung Chemical Co., Ltd. acquired the Company's share for investment before the Company obtained control over Hsin Lung Chemical Co., Ltd.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. The subsidiaries holding treasury shares, however, retain shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

## 23. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Bank deposits	\$ 28,462	\$ 5,583
Others	<u>149</u>	<u>334</u>
	<u><b>\$ 28,611</b></u>	<u><b>\$ 5,917</b></u>

b. Other income and expenses

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Other income</u>		
Rental income	\$ 131,354	\$ 129,990
Service revenue	76,844	160,250
Dividends	232,387	278,730
Others	<u>42,467</u>	<u>27,180</u>
	<u><b>483,052</b></u>	<u><b>596,150</b></u>
<u>Other expenses</u>		
Rental expense	(50,656)	(45,619)
Service costs	(58,608)	(52,462)
Others	<u>(39,690)</u>	<u>(48,866)</u>
	<u><b>(148,954)</b></u>	<u><b>(146,947)</b></u>
	<u><b>\$ 334,098</b></u>	<u><b>\$ 449,203</b></u>

c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Gain on disposal of property, plant and equipment	\$ 750	\$ 441
Net foreign exchange gain	57,520	540,587
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	<u>(9,506)</u>	<u>459</u>
	<u><b>\$ 48,764</b></u>	<u><b>\$ 541,487</b></u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Interest on bank loans/loans from related parties	\$ 145,522	\$ 114,927
Interest on lease liabilities	637	706
Other interest expenses	<u>209</u>	<u>107</u>
Total interest expense for financial liabilities not measured at fair value through profit or loss	146,368	115,740
Other finance costs	30,419	29,117
Less: Amounts included in the cost of qualifying assets	<u>(1,364)</u>	<u>(2,077)</u>
	<u>\$ 175,423</u>	<u>\$ 142,780</u>

Information on capitalized interest is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Capitalized interest amount	\$ 1,364	\$ 2,077
Capitalization rate	1.38%	1.20%

e. Depreciation

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
An analysis of depreciation by function		
Operating costs	\$ 533,687	\$ 497,572
Operating expenses and other expenses	<u>94,415</u>	<u>63,007</u>
	<u>\$ 628,102</u>	<u>\$ 560,579</u>

f. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term benefits	<u>\$ 1,385,161</u>	<u>\$ 1,718,287</u>
Post-employment benefits		
Defined contribution plan	40,086	39,879
Defined benefit plans (see Note 21)	<u>5,904</u>	<u>7,996</u>
	<u>45,990</u>	<u>47,875</u>
Total employee benefits expense	<u>\$ 1,431,151</u>	<u>\$ 1,766,162</u>

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
An analysis of employee benefits expense by function		
Operating costs	\$ 1,186,548	\$ 1,394,417
Operating expenses	<u>244,603</u>	<u>371,745</u>
	<u>\$ 1,431,151</u>	<u>\$ 1,766,162</u>

g. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and the remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on March 11, 2024 and March 13, 2023, respectively, are as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Compensation of employees	1%	1%
Remuneration of directors	-	-

Amount

	<b>For the Year Ended December 31</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Cash</b>	<b>Shares</b>	<b>Cash</b>	<b>Shares</b>
Compensation of employees	\$ 6,721	\$ -	\$ 33,735	-
Remuneration of directors	-	-	-	-

If there is a change in the amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains or losses on foreign currency exchange

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Foreign exchange gains	\$ 328,926	\$ 773,538
Foreign exchange losses	<u>(271,406)</u>	<u>(232,951)</u>
	<u>\$ 57,520</u>	<u>\$ 540,587</u>

## 24. INCOME TAXES RELATING TO CONTINUING OPERATIONS

### a. Income tax recognized in profit or loss

Major components of income tax (benefit) expense are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax		
In respect of the current year	\$ 3,655	\$ 369,450
Income tax on unappropriated earnings	49,412	94,250
Adjustments for prior years	<u>(20,707)</u>	<u>(24,634)</u>
	<u>32,360</u>	<u>439,066</u>
Deferred tax		
In respect of the current year	<u>(133,446)</u>	<u>76,917</u>
Income tax (benefit) expense recognized in profit or loss	<u>\$(101,086)</u>	<u>\$ 515,983</u>

A reconciliation of accounting profit and income tax (benefit) expense is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit before tax from continuing operations	<u>\$ 663,324</u>	<u>\$ 3,339,770</u>
Income tax expense calculated at the statutory rate	\$ 132,664	\$ 667,954
Nondeductible expenses in determining taxable income	(5,023)	85
Deferred tax effect of earnings of subsidiaries	(236,808)	(168,357)
Tax-exempt income	(44,772)	(55,838)
Income tax on unappropriated earnings	49,412	94,250
Unrecognized deductible temporary differences	22,561	2,596
Adjustments for prior years' tax	(20,707)	(24,634)
Others	<u>1,587</u>	<u>(73)</u>
Income tax (benefit) expense recognized in profit or loss	<u>\$ (101,086)</u>	<u>\$ 515,983</u>

### b. Income tax recognized in other comprehensive income

		<b>For the Year Ended December 31</b>	
		<b>2023</b>	<b>2022</b>
<u>Deferred tax</u>			
In respect of the current year			
Remeasurement of defined benefit plans		<u>\$ (3,494)</u>	<u>\$ 1,027</u>
c. Current tax assets and liabilities			
		<b>December 31</b>	
		<b>2023</b>	<b>2022</b>
Current tax assets			
Tax refund receivable		<u>\$ 19,436</u>	<u>\$ -</u>
Current tax liabilities			
Income tax payable		<u>\$ 31,408</u>	<u>\$ 322,433</u>
d. Deferred tax assets and liabilities			

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
Temporary differences				
Unrealized gross profit	\$ 30,945	\$ (11,128)	\$ -	\$ 19,817
Defined benefit obligations	92,994	-	(3,494)	89,500
Allowance for impairment loss of receivables	16,573	1,147	-	17,720
Inventory write-downs	69,865	24,036	-	93,901
Property, plant and equipment	49,676	(8,441)	-	41,235
Others	<u>14,648</u>	<u>9,306</u>	<u>-</u>	<u>23,954</u>
	<u>\$ 274,701</u>	<u>\$ 14,920</u>	<u>\$ (3,494)</u>	<u>\$ 286,127</u>

<b>Deferred Tax Liabilities</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Others</b>	<b>Closing Balance</b>
Temporary differences				
Property, plant and equipment	\$ 655,474	\$ -	\$ -	\$ 655,474
Unappropriated earnings of subsidiaries	787,095	(103,318)	-	683,777
Others	<u>21,445</u>	<u>(15,208)</u>	<u>-</u>	<u>6,237</u>
	<u>\$ 1,464,014</u>	<u>\$ (118,526)</u>	<u>\$ -</u>	<u>\$ 1,345,488</u>

For the year ended December 31, 2022

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Compre- hensive Income</b>	<b>Closing Balance</b>
Temporary differences				
Unrealized gross profit	\$ 20,160	\$ 10,785	\$ -	\$ 30,945
Defined benefit obligations	91,967	-	1,027	92,994
Allowance for impairment loss of receivables	16,648	(75)	-	16,573
Inventory write-downs	59,454	10,411	-	69,865
Property, plant and equipment	63,736	(14,060)	-	49,676
Others	<u>22,468</u>	<u>(7,820)</u>	<u>-</u>	<u>14,648</u>
	<u>\$ 274,433</u>	<u>\$ (759)</u>	<u>\$ 1,027</u>	<u>\$ 274,701</u>

<b>Deferred Tax Liabilities</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Others</b>	<b>Closing Balance</b>
Temporary differences				
Property, plant and equipment	\$ 665,109	\$ -	\$ (9,635)	\$ 655,474
Unappropriated earnings of subsidiaries	726,146	60,949	-	787,095
Others	<u>6,236</u>	<u>15,209</u>	<u>-</u>	<u>21,445</u>
	<u>\$ 1,397,491</u>	<u>\$ 76,158</u>	<u>\$ (9,635)</u>	<u>\$ 1,464,014</u>

- e. Deductible temporary differences for which no deferred tax assets have been recognized in the parent company only balance sheets

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Deductible temporary differences		
Loss recognized by investment accounted for using the equity method	\$ 1,841,704	\$ 1,728,901
Loss recognized by fair value changes of financial assets	1,066	1,066
Others	<u>27,665</u>	<u>27,665</u>
	<u><b>\$ 1,870,435</b></u>	<u><b>\$ 1,757,632</b></u>

f. Income tax assessments

The income tax returns of the Company through 2021 has been assessed by the tax authorities.

## 25. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

### Net Profit for the Year

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Earnings used in the computation of basic earnings per share	<u>\$ 764,410</u>	<u>\$ 2,823,787</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 764,410</u>	<u>\$ 2,823,787</u>

The weighted average number of ordinary shares outstanding (in thousands of shares) was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,613,729	1,613,729
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>794</u>	<u>2,352</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u><b>1,614,523</b></u>	<u><b>1,616,081</b></u>

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of

shares to be distributed to employees is resolved in the following year.

## **26. PARTIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES - WITHOUT LOSS OF CONTROL**

For the year ended December 31, 2023, the Company subscribed for additional new shares of UBright Optronics Corp. at a percentage different from its existing ownership percentage and UBright Optronics Corp.'s employees exercised their share options, decreasing its continuing interest from 56.49% to 56.40%.

For the year ended December 31, 2022, the Company subscribed for additional new shares of UBright Optronics Corp. at a percentage different from its existing ownership percentage and UBright Optronics Corp.'s employees exercised their share options, increasing its continuing interest from 55.14% to 56.49%.

For the purpose of organizational restructuring, the Company acquired the equity shares of Thai Shinkong Industry Corporation Ltd. from the Company's subsidiary MAXIMA PACIFIC LTD. For the year ended December 31, 2022, with a shareholding percentage of 62.04%.

The above transactions were accounted for as equity transactions, since the Company did not cease to have control over these subsidiaries.

## **27. CAPITAL MANAGEMENT**

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

Key management personnel of the Company review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

## **28. FINANCIAL INSTRUMENTS**

### **a. Fair value of financial instruments not measured at fair value**

Except for financial instruments measured at fair value, the management believes the carrying amounts of the financial instruments approximate their fair values.

### **b. Fair value of financial instruments measured at fair value on a recurring basis**

#### **1) Fair value hierarchy**

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at				
FVTPL				
Mutual funds	\$ 2,055	\$ -	\$ -	\$ 2,055
Limited partnership funds	<u>-</u>	<u>63,724</u>	<u>-</u>	<u>63,724</u>
	<u>\$ 2,055</u>	<u>\$ 63,724</u>	<u>\$ -</u>	<u>\$ 65,779</u>
Financial assets at				
FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 6,777,377	\$ -	\$ -	\$ 6,777,377
Unlisted shares	<u>-</u>	<u>2,051,225</u>	<u>-</u>	<u>2,051,225</u>
	<u>\$ 6,777,377</u>	<u>\$ 2,051,225</u>	<u>\$ -</u>	<u>\$ 8,828,602</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at				
FVTPL				
Mutual funds	\$ 2,295	\$ -	\$ -	\$ 2,295
Puttable preference shares	-	31,344	-	31,344
Limited partnership funds	<u>-</u>	<u>58,064</u>	<u>-</u>	<u>58,064</u>
	<u>\$ 2,295</u>	<u>\$ 89,408</u>	<u>\$ -</u>	<u>\$ 91,703</u>
Financial assets at				
FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 5,900,837	\$ -	\$ -	\$ 5,900,837
Unlisted shares	-	1,761,463	-	1,761,463
Foreign investments	<u>-</u>	<u>14</u>	<u>-</u>	<u>14</u>
	<u>\$ 5,900,837</u>	<u>\$ 1,761,477</u>	<u>\$ -</u>	<u>\$ 7,662,314</u>

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instrument</u>	<u>Valuation Techniques and Inputs</u>
Unlisted equity securities - ROC	Based on market observations, economic trends and industry characteristics, value multipliers that are highly relevant to the target are used as inputs for fair value calculation.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 65,779	\$ 91,703
Financial assets at amortized cost (1)	4,548,934	5,001,919
Financial assets at FVTOCI		
Equity instruments	8,828,602	7,662,314

Financial liabilities

Amortized cost (2)	13,590,688	13,278,685
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1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, and other receivables.

2) The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans, short-term bills payable, bonds payable, trade and other payables.

d. Financial risk management objectives and policies

The Company's major financial instruments include equity investments, trade receivables, trade payables, bonds payable and borrowings. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

## 1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

### a) Foreign currency risk

The Company has foreign currency denominated sales and purchases, which expose the Company to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The Company uses foreign exchange forward contracts to eliminate currency exposure. It is the Company's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

#### Sensitivity analysis

The Company is mainly exposed to the currency U.S. dollar.

The following table details the Company's sensitivity to a 5% increase and decrease in the New Taiwan dollars (the functional currency) against the U.S. dollar. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar weakening 5% against the U.S. dollar. For a 5% strengthening of the New Taiwan dollar against the U.S. dollar, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative. This was mainly attributable to the exposure on outstanding receivables and payables in U.S. dollar, which were not hedged at the end of the reporting period.

	<b>Currency USD Impact</b>	
	<b>For the Year Ended December</b>	
	<b>31</b>	
	<b>2023</b>	<b>2022</b>
Profit or loss	<u>\$ 109,407</u>	<u>\$ 141,991</u>

### b) Interest rate risk

The Company is exposed to interest rate risk because entities in the Company borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite ensuring the most cost-effective hedging strategies are applied.

The carrying amounts of the Company's financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2023	2022
Cash flow interest rate risk	\$ 7,177,718	\$ 6,990,115
Fair value interest rate risk	5,100,000	5,000,000

The Company is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings.

#### Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2023 and 2022 would have decreased/increased by \$17,944 thousand and \$17,475 thousand, respectively, which was mainly result of variable-rate borrowings.

#### c) Other price risk

The Company was exposed to equity price risk through its investments in equity securities. The Company manages this exposure by maintaining a portfolio of investments with different risks.

#### Sensitivity analysis

The sensitivity analyses below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 5% higher/lower, the pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$3,289 thousand and \$4,585 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL; if equity prices had been 5% higher/lower, the pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by \$441,430 thousand and \$383,116 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

#### 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparties to discharge its obligation and due to the financial guarantees provided by the Company, could be arise from the carrying amount of the

respective recognized financial assets as stated in the parent company only balance sheets.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

In order to minimize credit risk, management of the Company has delegated a team responsible for determination credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance are made for irrecoverable amounts. In this regard, management believes the Company credit risk was significantly reduced.

Trade receivables consisted of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables.

### 3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. The Company had available unutilized bank loan facilities set out in (c) below.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, and continuously monitoring forecasted and actual cash flows as well as matching the maturity profiles of financial assets and liabilities.

#### a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The tables has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

## December 31, 2023

	<b>Less than 1 Year</b>	<b>1-2 Years</b>	<b>2-5 Years</b>	<b>5+ Years</b>	<b>Total</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 1,312,989	\$ -	\$ -	\$ -	\$ 1,312,989
Lease liabilities	33,526	23,895	18,264	-	75,685
Variable interest rate liabilities	3,049,751	4,127,967	-	-	7,177,718
Fixed interest rate liabilities	99,981	1,500,000	3,500,000	-	5,099,981
Financial guarantee contracts	<u>1,790,000</u>	<u>381,160</u>	<u>100,468</u>	<u>-</u>	<u>2,271,628</u>
	<u>\$ 6,286,247</u>	<u>\$ 6,033,022</u>	<u>\$ 3,618,732</u>	<u>\$ -</u>	<u>\$ 15,938,001</u>

## Additional information about the maturity analysis for lease liabilities

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 33,526</u>	<u>\$ 42,159</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## December 31, 2022

	<b>Less than 1 Year</b>	<b>1-2 Years</b>	<b>2-5 Years</b>	<b>5+ Years</b>	<b>Total</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 1,288,570	\$ -	\$ -	\$ -	\$ 1,288,570
Lease liabilities	25,599	26,539	31,402	-	83,540
Variable interest rate liabilities	1,404,588	2,446,222	3,139,305	-	6,990,115
Fixed interest rate liabilities	-	-	5,000,000	-	5,000,000
Financial guarantee contracts	<u>2,910,000</u>	<u>50,000</u>	<u>531,657</u>	<u>-</u>	<u>3,491,657</u>
	<u>\$ 5,628,757</u>	<u>\$ 2,522,761</u>	<u>\$ 8,702,364</u>	<u>\$ -</u>	<u>\$ 16,853,882</u>

## Additional information about the maturity analysis for lease liabilities

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 25,599</u>	<u>\$ 57,941</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The amounts included above for financial guarantee contracts are the maximum amounts the Company could be required to settle under the arrangement with an option to demand the full guaranteed amount if that amount is claimed by the counterparty of the financial guarantee contract. Based on expectations at the end of the year, the Company considers that it is more likely than not that no amount will be payable under the arrangement.

### b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Company's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the year.

c) Financing facilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Bank loan facilities:		
Amount unused	<u>\$ 9,798,515</u>	<u>\$ 13,696,030</u>

## 29. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed follows.

a. Related party name and category

<b>Related Party Name</b>	<b>Related Party Category</b>
UBright Optronics Corp.	Subsidiary
Tac Bright Optronics Corp.	Subsidiary
Taipei Star Bank	Subsidiary
Shinkong Polyester Film Corp., Ltd.	Subsidiary
Shinkong International Securities Co., Ltd.	Subsidiary
Pan Asian Plastics Corp.	Subsidiary
Pan Asian Plastics Industry Corp.	Subsidiary
HisingShing Investment Co., Ltd.	Subsidiary
Shin Chiun Industrial Co., Ltd.	Subsidiary
Shinkong Engineering Co., Ltd.	Subsidiary
Shinpont Industry Inc.	Subsidiary
SSFC Investment Ltd.	Subsidiary
Chi Jian Human-Resource & Management Co., Ltd.	Subsidiary
Hsinshin Asset Management Co., Ltd.	Subsidiary
Shin Kong International Leasing Corp.	Subsidiary
Dayspring Limited	Subsidiary
Thai Shinkong Industry Corp. Ltd.	Subsidiary
Shinkong Applied Materials (Jiangsu) Company Limited	Subsidiary
Shin Kong Technologies Corp.	Subsidiary
Shinkong Innovations Com, Ltd.	Subsidiary

(Continued)

Related Party Name	Related Party Category
OTOBUY Co., Ltd.	Subsidiary
Shin Kong Applied Materials Co., Ltd.	Subsidiary
Far Trust International Finance Co., Ltd.	Subsidiary
Shinkong Youth Co., Ltd.	Subsidiary
MAXIMA PACIFIC LTD.	Subsidiary
Topbottle Resources Technology Corporation	Associate
Shinsol Advanced Chemical Corporation	Associate
Ecofun Lab Corporation	Associate
Shin Kong Bank Co., Ltd.	Related party in substance
Taishin International Bank	Related party in substance
Shin Kong Textile Co., Ltd.	Related party in substance
Shin Kong Life Insurance Co., Ltd.	Related party in substance
Sinkong Insurance Co., Ltd.	Related party in substance
Taiwan Shin Kong Security Co., Ltd.	Related party in substance
Shin Kong Construction and Development Co., Ltd.	Related party in substance
Shin Kong Life Real Estate Service Co., Ltd.	Related party in substance
Shin Kong Recreation Co., Ltd.	Related party in substance
Shin Kong Mitsukoshi Department Store Co., Ltd.	Related party in substance
Ner Victory Company Ltd.	Related party in substance
Hwa Jian Human-Resource & Management Co., Ltd.	Related party in substance
Shinkong Co., Ltd.	Related party in substance
The LYCRA Company Taiwan Limited, Taiwan Branch (H.K.)	Related party in substance
Others	Key management personnel (Concluded)

b. Sales of goods

Line Items	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Sales	Subsidiary/others	\$ 2,202,512	\$ 2,402,924
	Related party in substance/others	<u>41,659</u>	<u>-</u>
		<u>\$ 2,244,171</u>	<u>\$ 2,434,682</u>

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Subsidiary/Thai Shinkong Industry Corp. Ltd	\$ 1,812,724	\$ 824,275
Subsidiary/others	118	14,774
Associate/others	339,010	405,480
Related party in substance/others	<u>5,479</u>	<u>3,009</u>
	<u>\$ 2,157,331</u>	<u>\$ 1,247,538</u>

d. Receivables from related parties

Line Items	Related Party Category/Name	December 31	
		2023	2022
Trade receivables	Subsidiary/Shinkong Polyester Film Corp., Ltd.	\$ 511,812	\$ 437,196
	Subsidiary/Pan Asian Plastics Industry Corporation	141,143	216,462
	Subsidiary/others	12,646	16,355
	Related party in substance/others	<u>7,973</u>	<u>755</u>
		<u>\$ 673,574</u>	<u>\$ 670,768</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment losses were recognized for trade receivables from related parties.

e. Payables to related parties

Line Items	Related Party Category/Name	December 31	
		2023	2022
Trade payables	Subsidiary/Thai Shinkong Industry Corp. Ltd.	\$ 231,897	\$ 107,515
	Subsidiary/others	-	65
	Associate/others	15,716	7,829
	Related party in substance/others	<u>1,136</u>	<u>-</u>
		<u>\$ 248,749</u>	<u>\$ 115,409</u>

The outstanding trade payables to related parties are unsecured.

f. Cost of goods sold

Line Items	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Contractor labor cost	Subsidiary/others	\$ 73,912	\$ 87,628
	Related party in substance/others	<u>11,003</u>	<u>11,212</u>
		<u>\$ 84,915</u>	<u>\$ 98,840</u>

g. Acquisition of property, plant and equipment

Related Party Category/Name	Purchase Price	
	For the Year Ended December 31	
	2023	2022
Subsidiary/Pan Asian plastics Industry Corporation	\$ -	\$ 3,065
Subsidiary/Shinkong Innovations Co., Ltd	<u>407</u>	<u>2,720</u>
	<u>\$ 407</u>	<u>\$ 5,785</u>

h. Acquisition of investment property

Related Party Category/Name	Purchase Price	
	For the Year Ended December 31	
	2023	2022
Subsidiary/UBright Optronics Corp.	<u>\$ -</u>	<u>\$ 35,711</u>

i. Lease agreements - the Company is lessee

Lessor	Lease Target	Lease Term
Subsidiary	Vehicles	2-3 years
Related party in substance	Office and parking space	1-2 years

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
<u>Acquisition of right-of-use assets</u>		
Subsidiary/Shin Kong International Leasing Crop.	<u>\$ 303</u>	<u>\$ 2,676</u>

Line Items	Related Party Category/Name	December 31	
		2023	2022
Lease liabilities	Subsidiary/Shin Kong International Leasing Crop.	<u>\$ 1,711</u>	<u>\$ 3,802</u>

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Interest expense		
Subsidiary/Shin Kong International Leasing Crop.	\$ 25	\$ 29
Related party in substance/Shin Kong Life Insurance Co., Ltd.	<u>-</u>	<u>28</u>
	<u>\$ 25</u>	<u>\$ 57</u>
Lease expense		
Subsidiary/others	\$ 739	\$ 652
Related party in substance/others	<u>-</u>	<u>96</u>
	<u>\$ 739</u>	<u>\$ 748</u>

j. Lease agreements

Operating leases

Lessor	Lease Target	Lease Term	Rental Income For the Year Ended December 31	
			2023	2022
Subsidiary/others	Land, plants and machinery equipment	1-5 years	\$ 69,955	\$ 70,837
Related party in substance/others	Offices and parking spaces	1-10 years	<u>1,334</u>	<u>630</u>
			<u>\$ 71,289</u>	<u>\$ 71,467</u>

k. Loans from related parties

Related Party Category/Name	December 31	
	2023	2022
Subsidiary/Dayspring Limited	\$ -	\$ 661,200
Related party in substance/others	<u>250,000</u>	<u>150,000</u>
	<u>\$ 250,000</u>	<u>\$ 811,200</u>

Interest expense

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Subsidiary/others	\$ 7,647	\$ 9,235
Related party in substance/others	<u>3,427</u>	<u>826</u>
	<u>\$ 11,074</u>	<u>\$ 10,061</u>

The Company obtained loans from related parties at rates comparable to market interest rates.

l. Endorsements and guarantees

Endorsements and guarantees provided by the Company

Related Party Category/Name	December 31	
	2023	2022
Subsidiary/others		
Amount utilized	<u>\$ 610,061</u>	<u>\$ 1,035,802</u>

m. Other receivables and liabilities

Line Items	Related Party Category/Name	December 31	
		2023	2022
Deposits	Subsidiary/Taipei Star Bank	\$ 134,632	\$ 32,130
	Related party in substance/Taishin International Bank	330,218	463,919
	Related party in substance/Shin Kong Bank Co., Ltd.	<u>228,354</u>	<u>358,433</u>
		<u>\$ 693,204</u>	<u>\$ 854,482</u>
Other receivables	Subsidiary/Shinpont Industry Inc.	\$ 32,516	\$ 12,685
	Subsidiary/Thai Shinkong Industry Corp. Ltd.	-	29,966
	Subsidiary/others	32,528	19,833
	Associate/Shinsol Advanced Chemical Corporation	34,035	32,006
	Related party in substance/others	<u>3</u>	<u>9</u>
		<u>\$ 99,082</u>	<u>\$ 94,499</u>
Prepayment	Related party in substance/others	<u>\$ 294</u>	<u>\$ 282</u>
Other payables	Subsidiary/MAXIMA PACIFIC LTD.	\$ 1,863,425	\$ 1,855,536
	Subsidiary/others	55,062	60,334
	Related party in substance/others	<u>585</u>	<u>6,755</u>
		<u>\$ 1,919,072</u>	<u>\$ 1,922,625</u>

n. Others

1) Other revenue

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Subsidiary/others	\$ 68,070	\$ 108,323
Associate/others	9,998	32,006
Related party in substance/others	<u>5</u>	<u>-</u>
	<u>\$ 78,073</u>	<u>\$ 140,329</u>

2) Reduction of manufacturing expenses

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Subsidiary/others	<u>\$ 325,082</u>	<u>\$ 368,324</u>

3) Capital increase to subsidiaries

In 2023, the Company subscribed for 100% of additional new shares of Shinkong Polyester Film Co., Ltd. for \$500,000 thousand, and its ownership percentage remained at 100%.

In 2023 and 2022, the Company subscribed for 100% of additional new shares of Shin Kong International Leasing Corp. for \$200,000 thousand and \$200,000 thousand, respectively, and its ownership percentage remained at 100%.

4) Acquisition of subsidiaries

For the purpose of organizational restructuring, the Company acquired the equity shares of Thai Shinkong Industry Corporation Ltd. for US\$76,688 thousand from the Company's subsidiary MAXIMA PACIFIC LTD. For the year ended December 31, 2022, with a shareholding percentage of 62.04%. As of December 31, 2022, the list price has been paid in the amount of US\$16,000 thousand.

5) Capital increase to related parties

In 2023, the Company paid \$128,588 thousand in cash to acquire additional new shares of Shinsol Advanced Chemical Corporation at a percentage different from its original ownership percentage, decreasing its interest from 49.00% to 43.63%. However, it is still classified as an investment in an associate, as the Company does not have control over Shinsol Advanced Chemical Corporation.

In 2022, the Company paid \$4,200 thousand in cash to acquire additional new shares of Ecofun Lab Corporation. The Company's interest in Ecofun Lab Corporation remained at 33.33%. However, it is still classified as an investment in an associate, as the Company

does not have control over Ecofun Lab Corporation.

o. Remuneration of key management personnel

The remuneration of directors and key executives were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 58,029	\$ 43,934
Post-employment benefits	1,740	1,623
Others	<u>6,582</u>	<u>8,673</u>
	<u>\$ 66,351</u>	<u>\$ 54,230</u>

The remuneration of directors and key executives were determined by the remuneration committee based on the performance of individuals and market trends.

### 30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings and tariff guarantee for imported raw materials:

		<b>December 31</b>	
<b>Pledged Asset</b>	<b>Object</b>	<b>2023</b>	<b>2022</b>
Financial assets at fair value through other comprehensive income - current and non-current	Listed shares	\$ 3,059,490	\$ 2,714,525
	Unlisted shares	504,457	469,252
Property, plant and equipment	Land, buildings and machineries	4,289,354	4,309,868
Investment properties	Investment properties	<u>497,299</u>	<u>497,299</u>
		<u>\$ 8,350,600</u>	<u>\$ 7,990,944</u>

### 31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company at December 31, 2023 and 2022 were as follows:

a. Letters of credit

Outstanding letters of credit not reflected in the accompanying parent company only financial statements at December 31, 2023 and 2022 were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
EUR	\$ 70	\$ -
JPY	119,010	13,304
USD	3,425	2,140

- b. An employee of the Company was investigated and prosecuted by the Taipei District Prosecutors Office for involvement in New Site Industries Group's fraud case, and the case was concluded. In the fourth quarter of 2020, Yuanta Commercial Bank Co., Ltd. accused the Company of violating employer's joint and several liability. Based on the opinion of lawyer, there is a civil liability and the Company recognized the related compensation amounts as provisions for loss on lawsuit. Please refer to the Note 19.

### 32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and related exchange rates between foreign currencies and respective functional currencies were as follows:

		<b>December 31</b>			
		<b>2023</b>		<b>2022</b>	
	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	
<u>Financial assets</u>					
Monetary items					
		30.70			
USD	\$ 83,005	5	\$ 97,158	30.71	
EUR	4,243	33.98	4,575	32.72	
RMB	6,148	4.327	12,279	4.408	
		0.217			
JPY	6,636	2	14,135	0.2324	
Non-monetary items					
Investments accounted for using the equity method					
		30.70			
USD	64,318	5	79,872	30.71	
RMB	632,250	4.327	600,506	4.408	
		0.001			
VND	80,335,513	2	68,731,117	0.0013	
		0.901			
THB	4,337,533	7	4,710,284	0.8941	

(Continued)

December 31				
2023			2022	
	Foreign Currency (In Thousands)	Exchange Rate	Foreign Currency (In Thousands)	Exchange Rate
<u>Financial liabilities</u>				
Monetary items				
		30.70		
USD	\$ 11,742	5	\$ 4,686	30.71
		0.217		
JPY	32,278	2	-	0.2324
CNY	265	4.327	150,000	4.408
				(Concluded)

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains were \$57,520 thousand and \$540,587 thousand, respectively. It is impractical to disclose net foreign exchange gains(losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies.

### 33. SEPARATELY DISCLOSED ITEMS

#### a. Information about significant transactions:

- 1) Financing provided to others (None)
- 2) Endorsements/guarantees provided (Table 1)
- 3) Marketable securities held (Table 2)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 3)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 9) Trading in derivative instruments (Note 7)

#### b. Information on investees (Tables 6 to 12)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 13)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 14):
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
  - c) The amount of property transactions and the amount of the resultant gains or losses
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
  - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds
  - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 15)

TABLE 1

SHINKONG SYNTHETIC FIBERS CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Shinkong Synthetic Fibers Corporation	Tac Bright Optronics Corp.	2	Note C	\$ 1,414,194	\$ 1,311,628	\$ 566,061	\$ -	3.61	Note E	Y	-	-	
		Pan Asian Plastics Industry Corp.	2	Note C	850,000	100,000	-	-	0.28	Note E	Y	-	-	
		Hsingshing Investment Co., Ltd.	2	Note C	700,000	500,000	-	-	1.38	Note E	Y	-	-	
		Shin Chiun Industrial Co., Ltd.	2	Note C	330,000	230,000	-	-	0.63	Note E	Y	-	-	
		Shinkong Engineering Co., Ltd.	2	Note C	200,000	130,000	44,000	-	0.36	Note E	Y	-	-	

Note A: The intercompany transactions between the Company and its subsidiaries or among subsidiaries are numbered as follows:

- 1. Parent company: 0.
- 2. Subsidiaries are numbered from 1.

Note B: Relationships between the endorsement/guarantee provider and the guaranteed party can be classified as the following 7 category:

- 1. A company with which it does business.
- 2. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
- 3. A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
- 4. Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
- 5. The Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- 6. All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
- 7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note C: The limits on domestic endorsement or guarantee amount provided to each guaranteed party = Net equity \$36,351,083 thousand x 20% = \$7,270,217 thousand.

Note D: The limits on foreign endorsement or guarantee amount provided to each guaranteed party = Net equity \$36,351,083 thousand x 30% = \$10,905,325 thousand.

Note E: The total amount of endorsement or guarantee that the Company is allowed to provide = Net equity \$36,351,083 thousand x 50% = \$18,175,542 thousand.

**TABLE 2****SHINKONG SYNTHETIC FIBERS CORPORATION****MARKETABLE SECURITIES HELD****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Shinkong Synthetic Fibers Corporation	Fund beneficiary certificate Shin Kong Hang Seng TECH Index Fund	Related party in substance	Financial assets at FVTPL - current	500,000	\$ 2,055	-	\$ 2,055	
	Shares							
	Hsin Ba Corporation	None	Financial assets at FVTOCI - current	12	\$ 1	-	\$ 1	
	The Great Taipei Gas Corporation	Related party in substance	"	20,213,826	660,992	3.91	660,992	
					\$ 660,993		\$ 660,993	
	Limited partnership funds							
	Renaissance Capital Limited Partnership	None	Financial assets at FVTPL - non-current	6.41	\$ 50,224	6.41	\$ 50,224	
	Whitesun Capital Limited Partnership	None	"	2.50	13,500	2.50	13,500	
					\$ 63,724		\$ 63,724	
	Shares							
	Overseas Investment & Development Corp.	None	Financial assets at FVTOCI - non-current	4,000,000	\$ 50,800	4.44	\$ 50,800	
	Li Yu Venture Capital Investment Corp.	None	"	174,455	2,770	1.49	2,770	
	Shin Kong Chao Feng Ranch & Resort Corporation	Related party in substance	"	200,000	31,199	2.22	31,199	
	PC Home Venture Fund Corp	None	"	78,540	1,306	3.03	1,306	
	Budworth Investment Limited	None	"	45,500	-	5.00	-	
	Great Taipei Broadband Co., Ltd.	Related party in substance	"	2,500,000	7,525	1.67	7,525	
	Zacros Taiwan Co., Ltd.	None	"	10,000,000	84,895	9.44	84,895	
	Wave-In Communication Inc.	None	"	2,503,142	33,842	13.04	33,842	
	Shin Kong iEcofun Corporation	None	"	1,327,736	7,701	18.81	7,701	
	IIH Birmedical Venture Fund I Co., Ltd.	None	"	3,000,000	46,061	4.85	46,061	
	Pro Union Motor Co., Ltd.	None	"	6,875,951	237,022	21.04	237,022	
	Pro Motor Co., Ltd.	None	"	4,287,288	156,444	16.13	156,444	
	Pro Rental & Leasing Co., Ltd.	None	"	5,277,251	208,761	18.93	208,761	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Shares							
	Green Life Technology Corporation	None	Financial assets at FVTOCI - non-current	10,000,000	\$ 1,300	6.54	\$ 1,300	
	Earthbook Inc.	None	"	3,600,000	2,412	8.67	2,412	
	Research Innovation Capital Corporation	None	"	5,000,000	24,572	14.88	24,572	
	Taiwan Cement Corp.	None	"	9,258,649	322,664	0.13	322,664	
	Shin Kong Textile Co., Ltd	Related party in substance	"	28,378,958	1,359,352	9.46	1,359,352	
	Shin Kong Financial Holding Co., Ltd.	Related personnel with the Company's chairman	"	172,550,238	1,527,070	1.11	1,527,070	
	Taishin Financial Holding Co., Ltd.	Related personnel with the Company's chairman	"	141,305,541	2,557,630	1.13	2,557,630	
	Century Development Corporation	None	"	12,334,854	229,512	3.52	229,512	
	Universal Venture Capital Investment Corporation	None	"	5,600,000	43,960	4.65	43,960	
	O-Bank Co., Ltd.	None	"	25,762,308	257,108	0.94	257,108	
	Evergreen Steel Corp.	None	"	890,000	92,560	0.21	92,560	
	Shin Kong Mitsukoshi Department Store Co., Ltd.	Same chairman with the Company	"	24,401,636	<u>881,143</u>	1.96	<u>881,143</u>	
					<u>\$ 8,167,609</u>		<u>\$ 8,167,609</u>	

(Concluded)

**TABLE 3**

**SHINKONG SYNTHETIC FIBERS CORPORATION**

**MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty (Note A)	Relationship (Note A)	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Shinkong Synthetic Fibers Corporation	Ordinary shares of Shinkong Polyester Film Corp., Ltd.	Investments accounted for using the equity method	Shinkong Polyester Film Corp., Ltd.	Subsidiaries	85,992,425	\$ 1,103,047	50,000,000	\$ 500,000	-	\$ -	\$ -	\$ -	85,992,425 (Note B)	\$ 1,603,047

Note A: These two columns need to be filled for marketable securities recognized as investments accounted for using the equity method.

Note B: In August 2023, Shinkong Polyester Film Corp., Ltd. reduced \$500,000 thousand (50,000,000 shares) for capital reduction to cover accumulated deficits; and issued ordinary shares of \$500,000 thousand (50,000,000 shares) in cash.

**TABLE 4****SHINKONG SYNTHETIC FIBERS CORPORATION**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Shinkong Synthetic Fibers Corporation	Thai Shinkong Industry Corporation Ltd. Shinkong Polyester Film Corp., Ltd.	Investments accounted for using the equity method	Purchase	\$ 1,812,724	10.28	Note	Note	Note	Accounts payable \$ (231,897)	(19.05)	
		Investments accounted for using the equity method	Sale	(1,418,207)	(6.50)	"	"	"	Accounts receivable 511,812	21.20	
	Pan Asian Plastics Industry Corp.	Investments accounted for using the equity method	Sale	(613,922)	(2.81)	"	"	"	Other receivables 3,212	1.33	
						"	"	"	Accounts receivable 141,143	5.85	
	Shinpont Industry Inc.	Investments accounted for using the equity method	Sale	(108,587)	(0.50)	"	"	"	Other receivables 12,880	5.34	
						"	"	"	Accounts receivable 8,203	0.34	
	Topbottle Resources Technology Corporation	Associate	Purchase	339,122	1.92	According to the contract signed by both parties	According to the contract signed by both parties	According to the contract signed by both parties	Other receivables 32,516 Accounts payable (15,716)	13.49 (1.29)	

Note: Please refer to Table 17 to the consolidated financial statements.

**TABLE 5**

**SHINKONG SYNTHETIC FIBERS CORPORATION**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2023**

**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Shinkong Synthetic Fibers Corporation	ShinKong Polyester Film Corp., Ltd.	Investments accounted for using the equity method	Accounts receivable \$ 511,812	2.99	\$ -	-	\$ 321,789	\$ -
	Pan Asian Plastics Industry Corp.	Investments accounted for using the equity method	Accounts receivable 141,143	3.43	-	-	79,374	-

TABLE 6

SHINKONG SYNTHETIC FIBERS CORPORATION

INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
Shinkong Synthetic Fibers Corporation	Pan Asian Plastics Corp.	Taipei City	Manufacturing and sales of polyester pellets and polyester preforms	\$ 363,024	\$ 363,024	50,569,938	100.00	\$ 2,208,438	\$ 46,047	\$ 51,645	
	Hsingshing Investment Co., Ltd.	Taipei City	Investment, construction of business building, and public housing.	1,318,000	1,318,000	160,900,000	100.00	1,751,440	11,031	10,111	
	Shinkong Engineering Co., Ltd.	Taipei City	Contracting for various projects such as air pollution prevention, piping engineering and machine installation	665,095	665,095	38,543,818	100.00	571,636	12,807	12,807	
	Shinpont Industry Inc.	Taipei City	Synthetic fibers manufacturing, textiles wholesale and retail	252,540	252,540	25,245,000	49.99	513,079	187,100	93,528	
	Shin Chiun Industrial Co., Ltd.	Taipei City	Construction of incinerators	715,000	715,000	83,800,000	100.00	888,843	9,787	9,787	
	Maxima Pacific Ltd.	British Virgin Islands	Investment	-	363,047	78,055	100.00	1,974,872	14,267	14,267	
	SSFC Investment Ltd.	British Virgin Islands	Investment	375,467	375,467	191,472	100.00	2,751,595	139,546	139,090	
	UBright Optronics Corp.	Taoyuan City	Precision chemical materials and mold manufacturing wholesale, etc.	670,481	657,225	45,679,828	56.40	1,871,860	339,544	192,753	
	Shinkong Polyester Film Corp., Ltd.	Taipei City	Electronic parts and components manufacturing	1,603,047	1,103,047	85,992,425	100.00	438,300	(625,199)	(625,199)	
	Shinkong International Securities Co., Ltd.	Taipei City	Consignment trading of securities and futures	1,210,370	1,210,370	118,072,262	77.73	4,334,190	1,011,179	785,992	
	Tai Jin Investment Co., Ltd.	Taipei City	Investment	3,505	3,505	1,111,315	48.57	7,183	(2)	(1)	
	Pan Asian Plastics Industry Corp.	Taipei City	Manufacturing and sales of polyester pellets and polyester preforms	700,000	700,000	53,964,955	100.00	546,782	(2,101)	(1,453)	
	Tac Bright Optronics Corp.	Miaoli County	Precision chemical materials - synthetic resin and plastic manufacturing	2,740,086	2,740,086	263,586,455	56.86	1,187,738	(198,401)	(112,803)	
	Shin Kong Technologies Corporation	Taipei City	Electronic information software business	30,528	30,528	3,263,250	100.00	33,221	1,545	1,481	
	Taipei Star Bank	Taipei City	Commercial bank	1,131,535	1,131,535	84,968,278	27.07	1,482,380	113,134	30,621	
	Chi Jian Human-Resource & Management Co., Ltd.	Taoyuan City	Human resources management consulting	5,000	5,000	(Note)	100.00	5,480	(85)	274	
	Hsinshin Asset Management Co., Ltd.	Taipei City	Housing and building development for sale and rental	50,000	50,000	5,370,000	100.00	63,367	3,546	3,546	
	Shin Kong International Leasing Corp.	Taipei City	Leasing	1,282,000	1,082,000	130,000,000	100.00	1,458,209	110,038	110,038	
	OTOBUY Co., Ltd.	Taipei City	Other machinery equipment manufacturing	6,000	6,000	600,000	60.00	3,689	(1,526)	(916)	
	Shin Kong Applied Materials Co., Ltd.	Taipei City	Other chemical materials manufacturing	11,000	11,000	1,100,000	73.33	5,922	(546)	(400)	
	Topbottle Resources Technology Corporation	Tainan City	Manufacturing of synthetic materials and plastic product	15,000	15,000	1,488,000	20.00	17,583	(28,464)	(5,693)	
	Far Trust International Finance Co., Ltd.	New Taipei City	Overdue receivables management service	356,250	356,250	30,599,867	30.97	432,199	65,681	20,342	
	Ecofun Lab Corporation	Taoyuan City	Crop cultivation, wholesale of vegetables and fruits and retail sale of agricultural products	18,400	18,400	1,840,000	33.33	8,897	(7,598)	(2,577)	
	Shinsol Advanced Chemical Corporation	New Taipei City	Precision chemical material manufacturing	373,588	245,000	37,358,859	43.63	332,656	(57,267)	(25,867)	
	ShinKong Fintech Co., Ltd.	Taipei City	Information software service	50,000	50,000	5,000,000	100.00	48,922	(292)	(292)	
	Shinkong Youth Co., Ltd.	Taoyuan City	Manufacture and sale of chemical fiber and plastic related products	510,000	510,000	51,000,000	100.00	449,185	(41,317)	(41,317)	
	SHINKONG VIETNAM LLC.	Vietnam	Manufacture and sale of chemical fiber and plastic related products	84,652	84,652	(Note)	100.00	85,291	(224,482)	(288)	
	Thai Shinkong Industry Corporation Ltd.	Thailand	Manufacturing and sales of plastic, polyester film, and PET	2,344,736	2,344,736	117,499,997	62.04	2,365,240	(232,799)	(144,428)	
	Chi Teng Construction Co., Ltd	Taipei City	Housing and building development for sale and rental	5,000	-	500,000	100.00	4,950	(50)	(50)	
	SHINKONG VIETNAM ENTERPRISE COMPANY LIMITED	Vietnam	Wholesale trade	16,206	-	(Note)	100.00	14,727	(272,922)	(351)	
SSFC INVESTMENT LTD.	Dayspring Ltd.	Hong Kong	Investment	US\$ 53,540	US\$ 53,540	374,485,659	100.00	RMB 401,322	RMB (6,937)	-	
	Shinkong Applied Materials (Jiangsu) Company Limited.	China	Sale of synthetic materials, fibers and manufacturing of plastic product	US\$ 3,060	US\$ 3,060	(Note)	100.00	RMB 108,662	RMB 19,541	-	
Hsingshing Investment Co., Ltd.	Da Chun Universe Investment Co., Ltd.	Taichung City	Investment	9,000	9,000	(Note)	45.00	4,754	878	-	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
Tac Bright Optronics Corporation	MAXPRO LTD.	British Virgin Islands	Investment	\$ 1,743,557	\$ 1,743,557	54,204,000	100.00	\$ 1,590	\$ 1,565	\$ -	
MAXPRO LTD.	LOFO HOLDING GmbH	Germany	Investment	1,743,507	1,743,507	(Note)	100.00	1,600	-	-	
Shinkong International Securities Co., Ltd.	Shin Kong Investment Consultant Co., Ltd.	Taipei City	Securities investment consulting	20,000	20,000	2,000,000	100.00	30,201	1,258	-	
	Shin Kong Insurance Agent Co., Ltd.	Taipei City	Life insurance agent	3,000	3,000	2,000,000	100.00	46,607	12,053	-	
	Shin Kong Property Insurance Agency Co., Ltd.	Taipei City	Property insurance agent	2,997	2,997	1,000,000	100.00	23,791	6,327	-	
Shin Chiun Industrial Co., Ltd.	UBright Optronics Corp.	Taoyuan City	Precision chemical materials and mold manufacturing wholesale, etc.	96,317	96,317	1,587,081	1.96	116,005	339,544	-	
	Tac Bright Optronics Corp.	Miaoli County	Precision chemical materials - synthetic resin and plastic manufacturing	153,270	153,270	10,218,000	2.20	102,822	(198,401)	-	
	Intelligent Medical Big Data Co., Ltd.	Taipei City	Consulting, biotechnology research and development service	25,000	25,000	2,500,000	83.33	1,516	2,306	-	
Pan Asian Plastics Corp.	Tai Shin Leasing & Financial Co., Ltd.	Taipei City	Leasing	520,000	520,000	22,200,000	30.00	1,708,426	140,367	-	
	Hsin Lung Chemical Co., Ltd.	Taipei City	Manufacturing of magnetic tapes for recording and video disks and polyester film	338,509	338,509	4,689,900	93.80	553,718	(643)	-	
Shinkong Engineering Co., Ltd.	UBright Optronics Corp.	Taoyuan City	Precision chemical materials and mold manufacturing wholesale, etc.	36,906	36,906	1,038,000	1.28	43,244	339,545	-	
Shin Kong International Leasing Corp.	Far Trust International Finance Co., Ltd.	New Taipei City	Overdue receivables management service	211,578	211,578	19,814,183	20.06	262,640	65,681	-	
	Shinkong Power Service Corporation	Taipei City	Solar industry business	170,000	70,000	17,000,000	75.00	173,790	3,445	-	
	Jin Liang Power Service Co., Ltd.	Taipei City	Solar industry business	380,754	246,960	22,408,213	89.63	380,754	29,705	-	
	Shinkong Energy Service Corporation	Taipei City	Solar industry business	10,000	10,000	1,000,000	100.00	100,948	(3,989)	-	
Shinkong Energy Service Corporation		Chaiyi County	Solar industry business	40,500	-	4500,000	100.00	44,465	3,965	-	
Shin Kong Technologies Corporation	Shin Kong Innovations Co., Ltd.	Taipei City	Electronic information software business	2,000	2,000	2,000,000	66.67	3,114	883	-	
Far Trust International Finance Co., Ltd.	OTOBUY Co., Ltd.	Taipei City	Other machinery equipment manufacturing	4,000	4,000	400,000	40.00	2,460	(1,526)	-	
	Far Trust International Leasing Co., Ltd.	New Taipei City	Overdue receivables management service	200,000	200,000	20,000,000	100.00	218,188	9,432	-	
	Far Trust Car Rental Co., Ltd.	Taipei City	Car rental	50,000	25,000	5,000,000	100.00	47,745	21	-	
UBright Optronics Corp.	Rise Concept Enterprises Limited	Hong Kong	Investment	7,695	7,695	(Note)	100.00	(10,005)	2,052	-	
Rise Concept Enterprises Limited	Suzhou UBright Optronics Corp.	China	Brightness enhancement film cutting process	RMB 1,000	RMB 1,000	(Note)	100.00	1,897	2,647	-	

Note: This is a limited company, the proportion of ownership is calculated based on the amount of capital contribution.

(Concluded)

TABLE 7

SHINKONG SYNTHETIC FIBERS CORPORATION

FINANCING PROVIDED BY INVESTEES TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
1	Shin Kong International Leasing Corp.	Jin Liang Power Service Co., Ltd.	Other receivable	Yes	\$ 50,000	\$ 50,000	\$ -	4.125	2	\$ -	Operating capital	\$ -	None	\$ -	\$ 583,284 (Note B)	\$ 583,284 (Note B)	
		Shi Jie Corp.	Other receivable	No	7,800	-	-	5	2	-	Operating capital	-	None	-	583,284 (Note B)	583,284 (Note B)	
		Shinkong Power Service Corporation	Other receivable	Yes	70,000	70,000	-	4	2	-	Operating capital	-	None	-	583,284 (Note B)	583,284 (Note B)	
2	MAXIMA PACIFIC LTD.	SSFC INVESTMENT LTD.	Other receivable	Yes	713,350 (US\$ 22,000)	-	-	0.35-0.4	2	-	Operating capital	-	None	-	987,436 (Note C)	987,436 (Note C)	
3	Far Trust International Finance Co., Ltd.	Far Trust Car Rental Co., Ltd.	Other receivable	Yes	50,000	50,000	-	3	2	-	Operating capital	-	None	-	507,940 (Note D)	507,940 (Note D)	
		Far Trust International Leasing Co., Ltd.	Other receivable	Yes	100,000	100,000	20,000	3	2	-	Operating capital	-	None	-	507,940 (Note D)	507,940 (Note D)	
4	Shin Chiun Industrial Co., Ltd.	Intelligent Medical Big Data Co., Ltd.	Other receivable	Yes	3,000	-	-	1.5	2	-	Operating capital	-	None	-	355,537 (Note E)	355,537 (Note E)	
		Shin Kong International Leasing Corp.	Other receivable	Yes	250,000	250,000	-	2.1	2	-	Operating capital	-	None	-	355,537 (Note E)	355,537 (Note E)	
5	DAYSPRING LIMITED	Shinkong Synthetic Fibers Corporation	Other receivable	Yes	1,333,500 (RMB 300,000)	1,298,100 (RMB 300,000)	-	2.65-2.7	2	-	Operating capital	-	None	-	1,389,275 (Note F)	1,389,275 (Note F)	
6	UBright Optronics Corp.	Rise Concept Enterprises Limited	Other receivable	Yes	170,468 (US\$ 3,500)	170,468 (US\$ 3,500)	92,115 (US\$ 3,000)	0.8	2	-	Operating capital	-	None	-	674,835 (Note G)	1,349,669 (Note H)	

Note A: The intercompany transactions between the Company and its subsidiaries or among subsidiaries are numbered as follows:

1. Parent company: 0.
2. Subsidiaries are numbered from 1.

Note B: The financing limit for each borrower and total financing limit are 40% net equity of Shin Kong International Leasing Corp.

Note C: The financing limit for each borrower and total financing limit are 50% net equity of MAXIMA PACIFIC LTD.

Note D: The financing limit for each borrower and total financing limit are 40% net equity of Far Trust International Finance Co., Ltd.

Note E: The financing limit for each borrower and total financing limit are 40% net equity for Shin Chiun Industrial Co., Ltd.

Note F: The financing limit for each borrower and total financing limit are 80% net equity of Dayspring Ltd.

Note G: The financing limit for each borrower is 20% net equity for UBright Optronics Corp.

Note H: The total financing limit is 40% net equity for UBright Optronics Corp.

SHINKONG SYNTHETIC FIBERS CORPORATION

INVESTEE’S ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
1	Far Trust International Finance Co., Ltd.	Far Trust International Leasing Co., Ltd.	2	(Note D)	\$ 2,250,000	\$ 2,250,000	\$ 2,120,592	\$ -	177.19	(Note E)	Y	-	-	

Note A: The intercompany transactions between the Company and its subsidiaries or among subsidiaries are numbered as follows:

- 1. Parent company: 0.
- 2. Subsidiaries are numbered from 1.

Note B: Relationships between the endorsement/guarantee provider and the guaranteed party can be classified as the following 7 category:

- 1. A company with which it does business.
- 2. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
- 3. A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
- 4. Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
- 5. The Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- 6. All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
- 7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note C: The limits on foreign endorsement or guarantee amount provided to each guaranteed party = Net equity \$1,269,850 thousand x 30% = \$380,955 thousand.

Note D: The limits on domestic endorsement or guarantee amount provided to each guaranteed party = Net equity \$1,269,850 thousand x 500% = \$6,349,250 thousand.

Note E: The total amount of endorsement or guarantee that the Company is allowed to provide = Net equity \$1,269,850 thousand x 500% = \$6,349,250 thousand.

**TABLE 9**

**SHINKONG SYNTHETIC FIBERS CORPORATION**

**MARKETABLE SECURITIES HELD BY THE INVESTEES WHICH THE COMPANY HAS CONTROL**

**DECEMBER 31, 2023**

**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Shinkong International Securities Co., Ltd.	Shares	None	Financial assets at FVTPL - current	1,928,199	\$ 50,409	-	\$ 50,409	
	Shares	None	Financial assets at FVTOCI - non-current	982,168	65,768	0.18	65,768	
	Taiwan Futures Exchange Co., Ltd. Taiwan Stock Exchange Corporation	None	Financial assets at FVTOCI - non-current	92,191	7,777	0.01	7,777	
Taipei Star Bank	Notes investments	None	Financial assets at FVTPL - current	2,500	249,749	-	249,749	
	Shares	None	Financial assets at FVTOCI - current	18,128,570	576,140	-	576,140	
	Government bonds	None	Financial assets at FVTOCI - current	250	995,450	-	995,450	
	Corporate bonds	None	Financial assets at FVTOCI - current	2,151	2,142,493	-	2,142,493	
	Financial bonds	None	Financial assets at FVTOCI - current	3	92,441	-	92,441	
	Government bonds	None	Financial assets at amortized cost - non-current	47,000	4,869,612	-	4,869,612	
	Corporate bonds	None	Financial assets at amortized cost - non-current	4,819	6,139,119	-	6,139,119	
	Financial bonds	None	Financial assets at amortized cost - non-current	177	2,474,634	-	2,474,634	
	Notes investments	None	Financial assets at amortized cost - non-current	5,160	5,160,000	-	5,160,000	
Maxima Pacific Ltd.	Shares							
	Taishin Financial Holding Co., Ltd.	Related personnel with the Company's chairman	Financial assets at FVTPL - current	2,837,524	52,417 (US\$ 1,707)	0.02	52,417 (US\$ 1,707)	
	Shares							
	Taishin Financial Holding Co., Ltd. Preferred Stock E	Related personnel with the Company's chairman	Financial assets at FVTOCI - current	82,811	4,028 (US\$ 131)	-	4,028 (US\$ 131)	
	Taishin Financial Holding Co., Ltd. Preferred Stock E2	Related personnel with the Company's chairman	Financial assets at FVTOCI - current	49,609	2,225 (US\$ 72)	-	2,225 (US\$ 72)	
Hsingshing Investment Co., Ltd.	Shares							
	The Great Taipei Gas Corporation	Related party in substance	Financial assets at FVTOCI - current	117,962	3,857	0.02	3,857	
	Shares							
	Shin Kong Textile Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	1,951,507	93,477	0.65	93,477	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Shin Chiun Industrial Co., Ltd.	Shares Prince Housing & Development Corp.	None	Financial assets at FVTOCI - current	7,359	\$ 82	-	\$ 82	
	Shares Shin Kong Textile Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	619,000	29,650	0.21	29,650	
UBright Optronics Corp.	Mutual funds Nomura Funds Ireland plc - Global Dynamic Bond Fund Class TD USD	None	Financial assets at FVTPL - current	10,201	23,642 (US\$ 770)	-	23,642 (US\$ 770)	
	Domestic corporate bonds Cathay Life Insurance subordinated debenture	None	Financial assets at FVTPL - current	50,000	50,074	-	50,074	
	Taipei Star Bank Subordinated Perpetual Bonds	Related party	Financial assets at FVTPL - current	80,000	78,400	-	78,400	
	Foreign corporate bonds BNP Paribas (a)	None	Financial assets at FVTPL - current	400,000	12,086 (US\$ 394)	-	12,086 (US\$ 394)	
	BNP Paribas (b)	None	Financial assets at FVTPL - current	450,000	13,596 (US\$ 442)	-	13,596 (US\$ 442)	
	Standard Chartered (a)	None	Financial assets at FVTPL - current	200,000	6,022 (US\$ 196)	-	6,022 (US\$ 196)	
	Standard Chartered (b)	None	Financial assets at FVTPL - current	430,000	12,952 (US\$ 422)	-	12,952 (US\$ 422)	
	Standard Chartered (c)	None	Financial assets at FVTPL - current	430,000	12,952 (US\$ 422)	-	12,952 (US\$ 422)	
	ABN AMRO	None	Financial assets at FVTPL - current	840,000	25,483 (US\$ 830)	-	25,483 (US\$ 830)	
	TSMC Arizona U.S. Dollar Corporate Bond	None	Financial assets at FVTPL - current	1,750,000	49,919 (US\$ 1,626)	-	49,919 (US\$ 1,626)	
	JPMorgan U.S. Dollar Corporate Bond	None	Financial assets at FVTPL - current	1,750,000	54,056 (US\$ 1,760)	-	54,056 (US\$ 1,760)	
	UBS U.S. Dollar Corporate Bond	None	Financial assets at FVTPL - current	1,750,000	53,358 (US\$ 1,738)	-	53,358 (US\$ 1,738)	
	Mizuho Financial Group U.S. Dollar Corporate Bond (a)	None	Financial assets at FVTPL - current	1,000,000	29,876 (US\$ 973)	-	29,876 (US\$ 973)	
	Mizuho Financial Group U.S. Dollar Corporate Bond (b)	None	Financial assets at FVTPL - current	750,000	22,177 (US\$ 722)	-	22,177 (US\$ 722)	
	Shares Shin Kong Financial Holding Co., Ltd. Preferred Stock B	Related party in substance	Financial assets at FVTOCI - non-current	2,000,000	57,300	-	57,300	
	OMVO TECHNOLOGY INC.	None	Financial assets at FVTOCI - non-current	5,430,746	2,390	11.56	2,390	
Rise Concept Enterprises Limited	Shares T-E Pharma Holding, Inc.	None	Financial assets at FVTOCI - non-current	3,750,000	32,240	1.41	32,240	
	T-E Meds Holding, Inc.	None	Financial assets at FVTOCI - non-current	1,500,000	46,261	0.70	46,261	
Shin Kong Technologies Corp.	Shares Orion go Co., Ltd	None	Financial assets at FVTOCI - non-current	105,148	2,049	8.76	2,049	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Hsinshin Asset management Co., Ltd.	Shares Huaku Development Co., Ltd.	None	Financial assets at FVTOCI - current	181,560	\$ 17,484	-	\$ 17,484	
Hsin Lung Chemical Co., Ltd.	Shares Wei Chuan Foods Corp.	None	Financial assets at FVTOCI - current	1,152	22	-	22	
	The Great Taipei Gas Corporation	Related party in substance	Financial assets at FVTOCI - current	48	2	-	2	
	Shares Taiwan Shin Kong Security Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	1,160	47	-	47	
	Shin Kong Financial Holding Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	733,808	49,972	0.23	49,972	
	Shin Kong Financial Holding Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	976	9	-	9	
	Taishin Financial Holding Co., Ltd.	Related personnel with the Company's chairman	Financial assets at FVTOCI - non-current	428,161	7,750	-	7,750	
	Shin Kong Textile Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	112	5	-	5	
	Shinkong Synthetic Fibers Corporation	The Company	Financial assets at FVTOCI - non-current	4,680,487	72,782	0.29	72,782	
	Shin Ching Investment Co., Ltd.	None	Financial assets at FVTOCI - non-current	3,600,000	116,460	15.52	116,460	
	Mien Hao Co., Ltd.	None	Financial assets at FVTOCI - non-current	2,970,000	160,003	19.80	160,003	
	Shin Yun Co., Ltd.	None	Financial assets at FVTOCI - non-current	990,000	35,462	19.80	35,462	
Shinkong Engineering Co., Ltd.	Shares Shin Kong Financial Holding Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	16,549,473	146,463	0.12	146,463	
Pan Asian Plastics Corp.	Shares Taishin Financial Holding Co., Ltd.	Related personnel with the Company's chairman	Financial assets at FVTOCI - non-current	1,167,752	21,136	0.01	21,136	
	United Capital Fund	None	Financial assets at FVTOCI - non-current	4,850,000	-	7.09	-	
	Shinpont Industry Inc.	Related party	Financial assets at FVTOCI - non-current	5,000	101	0.01	101	
Shin Kong International Leasing Corp.	Mutual funds Cathay No. 2 Real Estate Investment Trust	None	Financial assets at FVTPL - current	360,000	5,915	-	5,915	
	Fubon No. 1 Real Estate Investment Trust	None	Financial assets at FVTPL - current	75,000	1,065	-	1,065	
	Shares Chailease Finance Co., Ltd. Preferred Stock A	None	Financial assets at FVTOCI - non-current	120,000	11,748	-	11,748	

(Concluded)

TABLE 10

SHINKONG SYNTHETIC FIBERS CORPORATION

INVESTEES'S MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OVER \$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buying and Selling Companies	Type and Name of Marketable Securities	Financial Statement Account	Trading Counterparty (Note A)	Relationship with the Holding Company (Note A)	January 1, 2023		Buy		Sale				December 31, 2023	
					Number of Shares	Carrying Amount	Number of Shares	Carrying Amount	Number of Shares	Sale Price	Billing Costs	Disposal Gain or Loss	Number of Shares	Carrying Amount
Rise Concept Enterprises Limited	Ordinary shares of T-E Meds Holding, Inc.	Financial assets at FVOCI - non-current	-	-	-	\$ -	1,500,000	\$ 46,862	-	\$ -	\$ -	\$ -	1,500,000	\$ 46,862

Note A: These two columns need to be filled for marketable securities recognized as investments accounted for using the equity method.

Note B: The ending balance includes unrealized gain or loss.

**TABLE 11****SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES**

**INVESTEES' TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Thai Shinkong Industry Corporation Ltd.	Shinkong Synthetic Fibers Corporation	Investments accounted for using the equity method	Sale	\$(1,812,724)	(26.25)	Note	Note	Note	Accounts receivable \$ 231,897	26.20	
Shinkong Polyester Film Corp., Ltd.	Shinkong Synthetic Fibers Corporation	Investments accounted for using the equity method	Purchase	1,418,207	84.50	Note	Note	Note	Accounts payable Other payables	(511,812) (3,212)	(96.95) (4.85)
Pan Asian Plastics Industry Corp.	Shinkong Synthetic Fibers Corporation	Investments accounted for using the equity method	Purchase	613,922	83.43	Note	Note	Note	Accounts payable Other payables	(141,143) (12,880)	(89.23) (39.15)
Shinpont Industry Inc.	Shinkong Synthetic Fibers Corporation	Investments accounted for using the equity method	Purchase	108,587	31.50	Note	Note	Note	Accounts payable Other payables	(8,203) (32,516)	(43.71) (89.41)
Shinpont Industry Inc.	LYCRA Singapore	Affiliated company of Shinpont Industry	Sale	(857,910)	(87.00)	According to the contract signed by both parties	According to the contract signed by both parties	According to the contract signed by both parties	Accounts receivable 210,651		89.12
	The LYCRA Company Taiwan Limited	Affiliated company of Shinpont Industry	Sale	(128,249)	(13.00)	According to the contract signed by both parties	According to the contract signed by both parties	According to the contract signed by both parties	Accounts receivable 25,708		10.88

Note: Refer to Table 17 to the consolidated financial statements.

**TABLE 12**

**SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES**

**INVESTEES’ RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Shinpont Industry	LYCRA Singapore	Affiliated company of Shinpont Industry	Accounts receivable from related parties of \$210,651	6.84	\$ -	-	\$ 125,761	\$ -
Thai Shinkong Industry Corporation Ltd.	Shinkong Synthetic Fibers Corporation	Parent Company and its subsidiary	Accounts receivable from related parties of \$231,897	10.68	-	-	231,897	-
MAXIMA PACIFIC LTD.	Shinkong Synthetic Fibers Corporation	Parent Company and its subsidiary	Other receivable from related parties of \$1,863,425	-	-	-	-	-

TABLE 13

SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2023	Net Income of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outflow	Inflow							
Hangzhou Huachun Chemical Fiber Co., Ltd.	Chemical fiber weaving, printing and dyeing	(Note A)	Investments through subsidiary SSFC Investment Ltd.	\$ 542,871 (US\$ 16,880)	\$ -	\$ -	\$ 542,871 (US\$ 16,880)	\$ -	-	\$ -	\$ -	\$ -	
Shinkong Applied Materials (Jiangsu) Company Limited.	Sale of synthetic materials, fibers and manufacturing of plastic product	US\$15 million	(Note B)	-	-	-	-	85,901	100.00	83,893	469,839	-	
Suzhou UBright Optronics Corp.	Brightness enhancement film cutting process	RMB1 million	Investments through subsidiary Rise Concept Enterprises Ltd. Investment Ltd.	4,471 (RMB 1,000)	-	-	4,471 (RMB 1,000)	2,647	100.00	2,647	1,897	-	

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
\$547,342 (US\$16,880) (RMB1,000) (Note C)	\$1,170,668 (US\$39,530) (RMB1,000) (Note D)	\$21,810,650

Note A: Hangzhou Huachun Chemical Fiber Co., Ltd. was liquidated in February 2021.

Note B: Establishment by issuance of ordinary shares for cash, which from SSFC Investment Ltd.

Note C: Including US\$4,280 thousand premium of machinery equipment from SSFC Investment Ltd., excluding authorized amounts and cash remittance of US\$240 thousand only to Dayspring Ltd.

Note D: Including SSFC Investment Ltd. use its own cash in capital and financing provided from related party to apply for US\$25,000 thousand investment amounts authorized.

TABLE 14

SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
Shinkong Synthetic Fibers Corporation Shinkong Applied Materials (Jiangsu) Company Limited.	Sale	\$(49,627)	(0.23)	Note	Note	Note	Accounts receivable \$ 3,260	0.14	\$ 341	
UBright Optronics Corporation Suzhou UBright Optronics Corporation	Professional service fee	10,437	-	Note	Note	Note	Other payable -	-	-	

Note: Refer to Table 17 to the consolidated financial statements.

A. Endorser/guarantor provided with investee companies in mainland China directly or indirectly through a third party: None.

B. Financing providing to others with investee companies in mainland China directly or indirectly through a third party: None.

C. Other transaction that have a material impact on profit or loss or financial condition: None.

**TABLE 15****SHINKONG SYNTHETIC FIBERS CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2023**

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Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Shinsheng Investment Co., Ltd.	85,383,027	5.27
Shin Kong Co., Ltd.	84,414,691	5.21

# SHINKONG SYNTHETIC FIBERS CORPORATION

## THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

Item	Statement Index
Major Accounting Items in Assets, Liabilities and Equity	
Statement of cash and cash equivalents	1
Statement of financial assets at fair value through profit or loss - current	Note 7
Statement of financial assets at fair value through other comprehensive income - current	2
Statement of notes receivable	3
Statement of accounts receivable	4
Statement of other receivables	5
Statement of inventories	6
Statement of prepayment	7
Statement of other current assets	8
Statement of financial assets at fair value through profit or loss - non-current	9
Statement of financial assets at fair value through other comprehensive income - non-current	10
Statement of changes in investments accounted for using the equity method	11
Statement of changes in property, plant, and equipment	Note 12
Statement of changes in accumulated depreciation of property, plant and equipment	Note 12
Statement of changes in accumulated impairment of property, plant and equipment	Note 12
Statement of changes in right-of-use assets	12
Statement of changes in investment properties	Note 14
Statement of changes in accumulated depreciation of investment properties	Note 14
Statement of changes in accumulated impairment of investment properties	Note 14
Statement of deferred income tax assets	Note 24
Statement of other non-current assets	Note 15
Statement of short-term borrowings	13
Statement of short-term bills payable	Note 16
Statement of accounts payable	14
Statement of other payables	Note 19
Statement of other current liabilities	Note 19
Statement of bonds payable	15
Statement of long-term borrowings	Note 16
Statement of lease liabilities	16
Statement of provision	Note 20
Statement of deferred income tax liabilities	Note 24
Major Accounting Items in Profit or Loss	
Statement of sales revenue	17
Statement of cost of goods sold	18
Statement of operating expense	19
Statement of other income and expenses	Note 23
Statement of financial costs	Note 23
Statement of labor, depreciation and amortization by function	20

**STATEMENT 1****SHINKONG SYNTHETIC FIBERS CORPORATION****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Description</b>	<b>Amount</b>
Cash on hand	Petty cash	\$ 1,163
Checking account	Shin Kong Bank Co., Ltd., etc.	352,175
Cash deposits	Shin Kong Bank Co., Ltd., etc.	47,923
Foreign currency deposits	US\$36,837 thousand @ exchange rate of 30.705	1,201,014
	JPY21,819 thousand @ exchange rate of 0.2172	
	RMB5,576 thousand @ exchange rate of 4.327	
	EUR1,178 thousand @ exchange rate of 33.98	
	HK\$266 thousand @ exchange rate of 3.929	
Time deposits	Maturity date on February 2024 @ interest rate of 5.55% (Note A)	<u>340,826</u>
	Maturity date on February 2024 @ interest rate of 5.4% (Note B)	
	Maturity date on February 2024 @ interest rate of 5% (Note C)	
		<u><u>\$ 1,943,101</u></u>

Note A: US\$5,000 thousand @ exchange rate of 30.705.

Note B: US\$3,000 thousand @ exchange rate of 30.705.

Note C: US\$3,100 thousand @ exchange rate of 30.705.

**SHINKONG SYNTHETIC FIBERS CORPORATION**

**STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT**  
**DECEMBER 31, 2023**  
**(In Thousands of New Taiwan Dollars)**

Name	Description	Number of Shares	Denomination	Total Amount	Cost	Accumulated Impairment	Fair Value	
							Unit Price (Dollars)	Total Value
Stock	Hsin Ba Corporation	12	10	\$ -	\$ -	\$ -	55.42	\$ 1
	The Great Taipei Gas Corporation	20,213,826	10	<u>202,138</u>	<u>491,196</u>	<u>-</u>	32.70	<u>660,992</u>
				<u>\$ 202,138</u>	<u>\$ 491,196</u>	<u>\$ -</u>		<u>\$ 660,993</u>

**SHINKONG SYNTHETIC FIBERS CORPORATION****STATEMENT OF NOTES RECEIVABLE****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

---

<b>Client Name</b>	<b>Description</b>	<b>Amount</b>
General clients		
Company A	Payment of goods	\$ 11,300
Company B	"	10,000
Company C	"	7,109
Company D	"	<u>2,875</u>
		31,284
Others (Note)	"	<u>5,624</u>
		<u>\$ 36,908</u>

Note: The amount of individual client included in others does not exceed 5% of the account balance.

**SHINKONG SYNTHETIC FIBERS CORPORATION****STATEMENT OF ACCOUNTS RECEIVABLE****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

---

<b>Client Name</b>	<b>Description</b>	<b>Amount</b>
General clients		
Company A	Payment of goods	\$ 241,951
Company B	"	132,650
Other (Note)	"	1,329,515
Less: Allowance for impairment loss		<u>(49,891)</u>
		<u>1,654,225</u>
Related parties		
SPF	"	511,812
PAPI	"	141,143
Others	"	<u>20,619</u>
		<u>673,574</u>
		<u>\$ 2,327,799</u>

Note: The amount of individual client included in others does not exceed 5% of the account balance.

**SHINKONG SYNTHETIC FIBERS CORPORATION****STATEMENT OF OTHER RECEIVABLES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Description</b>	<b>Amount</b>
Other receivables	Receivables from related parties	\$ 99,082
	Receivables from tax refunds	85,212
	Rental revenue	42,475
	Others	<u>14,557</u>
		<u>\$ 241,126</u>

**SHINKONG SYNTHETIC FIBERS CORPORATION****STATEMENT OF INVENTORIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Items	Description	Amount	LCNRV	
			Cost	Fair Value
Finished good	POY, etc.	\$ 2,016,148	\$ 1,984,331	\$ 1,659,961
Work in process		412,819	412,801	394,762
Raw materials	EG, PTA, etc.	514,183	514,183	454,012
Materials		<u>208,171</u>	208,171	141,247
Supplies and spare parts		3,151,321		
Less: Allowance for loss due to market price decline and obsolete and slow-moving inventories		<u>(469,504)</u>		
		<u>\$ 2,681,817</u>		

**SHINKONG SYNTHETIC FIBERS CORPORATION****STATEMENT OF PREPAYMENTS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Description</b>	<b>Amount</b>
Prepayments for goods	Prepaid purchase deposit and various fees	\$ 135,398
Prepaid other financial costs	Prepaid syndicated loan and cost of issuing bonds payable	16,573
Prepaid expense	Prepaid stationery inventories, etc.	<u>91</u>
		<u>\$ 152,062</u>

**SHINKONG SYNTHETIC FIBERS CORPORATION****STATEMENT OF OTHER CURRENT ASSETS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Description</b>	<b>Amount</b>
Temporary payments	Temporary payments for traveling expenses, meal expenses, etc.	\$ 292
Others	Temporary payments for fair attendance fee, etc.	<u>2,311</u>
		<u>\$ 2,603</u>

## SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT  
 FOR THE YEAR ENDED DECEMBER 31, 2023  
 (In Thousands of New Taiwan Dollars)

Name	Beginning Balance		Increase in the Current Year		Decrease in the Current Year		Ending Balance		Provided as Guarantee or Pledged as Collateral (Number of Shares)
	Number of Shares	Fair Value	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Fair Value	
Limited partnership funds									
Renaissance Capital Limited Partnership	-	\$ 58,064	-	\$ -	-	\$ 7,840	-	\$ 50,224	None
Whitesun Capital Limited Partnership	-	-	-	13,500	-	-	-	13,500	None
Puttable preference shares									
Huijie Consulting Co., Ltd.	3,000,000	<u>31,344</u>	-	<u>-</u>	3,000,000	<u>31,344</u>	-	<u>-</u>	None
		<u>\$ 89,408</u>		<u>\$ 13,500</u>		<u>\$ 39,184</u>		<u>\$ 63,724</u>	

## SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT  
 FOR THE YEAR ENDED DECEMBER 31, 2023  
 (In Thousands of New Taiwan Dollars)

Name	Beginning Balance		Increase in the Current Year		Decrease in the Current Year		Ending Balance		Provided as Guarantee or Pledged as Collateral (Number of Shares)
	Number of Shares	Fair Value	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Fair Value	
Listed company share									
Taiwan Cement Corp.	9,258,649	\$ 311,553	-	\$ 11,111	-	\$ -	9,258,649	\$ 322,664	-
Shinkong Textile Co., Ltd.	28,378,958	1,136,577	-	222,775	-	-	28,378,958	1,359,352	14,100,000
Shin Kong Financial Holding Co., Ltd.	172,550,238	1,513,266	-	13,804	-	-	172,550,238	1,527,070	116,000,000
Taishin Financial Holding Co., Ltd.	135,609,925	2,047,710	5,695,616	509,920	-	-	141,305,541	2,557,630	75,000,000
O-Bank	25,762,308	216,146	-	40,962	-	-	25,762,308	257,108	-
Evergreen Steel Corporation	890,000	45,924	-	46,636	-	-	890,000	92,560	-
		<u>5,271,176</u>		<u>845,208</u>		<u>-</u>		<u>6,116,384</u>	
Shares of unlisted companies									
Century Development Corporation	12,334,854	158,354	-	71,158	-	-	12,334,854	229,512	-
Universal Venture Capital Investment Corporation	5,600,000	43,960	-	-	-	-	5,600,000	43,960	-
Shin Kong Mitsukoshi Department Store Co., Ltd.	24,401,636	819,650	-	61,493	-	-	24,401,636	881,143	-
Overseas Investment & Development Corp.	4,000,000	34,120	-	16,680	-	-	4,000,000	50,800	13,970,000
Li Yu Venture Capital Investment Corp.	174,455	2,203	-	567	-	-	174,455	2,770	-
Shin Kong Chao Feng Ranch & Resort Corporation	200,000	30,864	-	335	-	-	200,000	31,199	-
PC Home Venture Fund Corp.	78,540	1,292	-	14	-	-	78,540	1,306	-
Great Taipei Broadband Co., Ltd	2,500,000	7,150	-	375	-	-	2,500,000	7,525	-
Zacros Taiwan Co., Ltd.	10,000,000	86,361	-	-	-	1,466	10,000,000	84,895	-
Wave-In Communication Inc.	2,161,608	21,637	341,534	12,205	-	-	2,503,142	33,842	-
Shinkong iEcofun Corporation	1,327,736	7,900	-	-	-	199	1,327,736	7,701	-
IIH Biomedical Venture Fund I Co., Ltd.	3,000,000	25,468	-	20,593	-	-	3,000,000	46,061	-
Pro Union Motor Co., Ltd.	6,875,951	187,696	-	49,326	-	-	6,875,951	237,022	-
Pro Motor. Co., Ltd.	4,287,288	170,242	-	-	-	13,798	4,287,288	156,444	-
Pro Rental & Leasing Co., Ltd.	5,277,251	160,706	-	48,055	-	-	5,277,251	208,761	-
Green Life Technology Corp.	10,000,000	2,900	-	-	-	1,600	10,000,000	1,300	-
Earthbook Inc.	1,600,000	960	2,000,000	5,400	-	3,948	3,600,000	2,412	-
Research Innovation Capital Corporation	-	-	5,000,000	25,000	-	428	5,000,000	24,572	-
		<u>1,761,463</u>		<u>311,201</u>		<u>21,439</u>		<u>2,051,225</u>	
Foreign investments									
Budworth Investment Limited	45,500	14	-	-	-	14	45,500	-	-
		<u>\$ 7,032,653</u>		<u>\$ 1,156,409</u>		<u>\$ 21,453</u>		<u>\$ 8,167,609</u>	

## SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
 FOR THE YEAR ENDED DECEMBER 31, 2023  
 (In Thousands of New Taiwan Dollars)

Name of Investee Company	Balance, January 1, 2023		Increase in the Current Year		Decrease in the Current Year		Gain (Loss) on Equity Investment	Balance, December 31, 2023			Market Price or Net Asset Value	Collateral
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount		Number of Shares	%	Amount		
Pan Asian Plastics Corp.	50,569,938	\$ 1,693,473	-	\$ 500,552	-	\$ -	\$ 51,645	50,569,938	100.00	\$ 2,245,670	\$ 2,161,731	None
Hsingshing Investment Co., Ltd.	155,900,000	1,726,355	5,000,000	14,974	-	-	10,111	160,900,000	100.00	1,751,440	1,808,812	"
Shinkong Engineering Co., Ltd.	38,543,818	555,602	-	3,227	-	-	12,807	38,543,818	100.00	571,636	500,319	"
Shinpont Industry Inc.	25,245,000	525,713	-	-	-	(106,162)	93,528	25,245,000	49.99	513,079	510,471	"
Shin Chiun Industrial Co., Ltd.	83,800,000	881,375	-	-	-	(2,319)	9,787	83,800,000	100.00	888,843	888,843	"
Maxima Pacific Ltd.	16,078,055	2,452,860	-	-	-	(492,255)	14,267	16,078,055	100.00	1,974,872	1,974,872	"
SSFC Investment Ltd.	191,472	2,661,872	-	-	-	(49,367)	139,090	191,472	100.00	2,751,595	2,735,747	"
UBright Optroics Corp.	45,295,828	1,831,349	384,000	-	-	(152,242)	192,753	45,679,828	56.40	1,871,860	1,903,055	"
Shinkong Polyester Film Corp., Ltd.	85,992,425	540,215	50,000,000	523,284	(50,000,000)	-	(625,199)	85,992,425	100.00	438,300	458,769	"
Shinkong International Securities Co., Ltd.	118,072,262	4,042,939	-	-	-	(494,741)	785,992	118,072,262	77.73	4,334,190	4,317,536	"
Tai Jin Investment Co., Ltd.	1,111,315	7,056	-	128	-	-	(1)	1,111,315	48.57	7,183	7,950	"
Pan Asian Plastics Industry Corp.	53,964,955	589,540	-	-	-	(41,305)	(1,453)	53,964,955	100.00	546,782	559,108	"
Tac Bright Optronics Corporation	263,586,455	1,300,534	-	7	-	-	(112,803)	263,586,455	56.86	1,187,738	1,275,166	"
Shinkong Technologies Corp.	3,263,250	35,026	-	-	-	(3,286)	1,481	3,263,250	100.00	33,221	35,034	"
Taipei Star Bank	84,968,278	1,467,713	-	-	-	(15,954)	30,621	84,968,278	27.07	1,482,380	1,565,958	"
Chi Jian Human-Resource & Management Co., Ltd. (Note)	-	5,536	-	-	-	(330)	274	-	100.00	5,480	5,480	"
Hsinshin Asset Management Co., Ltd.	5,370,000	61,066	-	-	-	(1,245)	3,546	5,370,000	100.00	63,367	63,367	"
Shin Kong International Leasing Corp.	110,000,000	1,209,858	20,000,000	138,313	-	-	110,038	130,000,000	100.00	1,458,209	1,458,209	"
OTOBUY Co., Ltd.	600,000	4,605	-	-	-	-	(916)	600,000	60.00	3,689	3,689	"
Shin Kong Applied Materials Co., Ltd.	1,100,000	6,322	-	-	-	-	(400)	1,100,000	73.33	5,922	5,922	"
Topbottle Resources Technology Corporation	1,200,000	24,476	288,000	-	-	(1,200)	(5,693)	1,488,000	20.00	17,583	10,820	"
Far Trust International Finance Co., Ltd.	29,788,414	428,093	811,453	-	-	(16,236)	20,342	30,599,867	30.97	432,199	393,292	"
Ecofun Lab Corporation	1,840,000	11,474	-	-	-	-	(2,577)	1,840,000	33.33	8,897	8,897	"
Shinsol Advanced Chemical Corporation	24,500,000	224,497	12,858,859	134,026	-	-	(25,867)	37,358,859	43.63	332,656	339,610	"
ShinKong Fintech Co., Ltd.	5,000,000	49,214	-	-	-	-	(292)	5,000,000	100.00	48,922	49,545	"
Shinkong Youth. Co., Ltd.	51,000,000	490,502	-	-	-	-	(41,317)	51,000,000	100.00	449,185	449,185	"
Shinkong Vietnam, LLC. (Note)	-	88,320	-	-	-	(2,741)	(288)	-	100.00	85,291	85,291	"
Thai Shinkong Industry Corp. Ltd.	117,499,997	2,545,172	-	-	-	(35,504)	(144,428)	117,499,997	62.04	2,365,240	2,426,480	"
Chi Teng Construction Co., Ltd	-	-	500,000	5,000	-	-	(50)	500,000	100.00	4,950	4,950	"
SHINKONG VIETNAM ENTERPRISE COMPANY LIMITED (Note)	-	-	-	15,078	-	-	(351)	-	100.00	14,727	14,727	"
		25,460,757		1,334,589		\$ (1,414,887)	\$ 514,647			25,895,106	\$ 26,022,835	
Less: Transfer to Treasury Stock		(46,012)		8,780						(37,232)		
		<u>\$ 25,414,745</u>		<u>\$ 1,343,369</u>						<u>\$ 25,857,874</u>		

Note: This is a limited company, the shareholding ratio is calculated based on the amount of capital contribution.

## SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS  
 FOR THE YEAR ENDED DECEMBER 31, 2023  
 (In Thousands of New Taiwan Dollars)

Item	Buildings	Machinery Equipment	Transportatio n Equipment	Office Equipment	Total	Remark
<u>Cost</u>						
Balance at January 1, 2023	\$ 96,719	\$ 5,911	\$ 6,562	\$ 3,697	\$ 112,889	
Additions	18,172	2,274	304	283	21,033	
Decrease	<u>(4,714)</u>	<u>(2,701)</u>	<u>(2,089)</u>	<u>(161)</u>	<u>(9,665)</u>	
Balance at December 31, 2023	<u>\$ 110,177</u>	<u>\$ 5,484</u>	<u>\$ 4,777</u>	<u>\$ 3,819</u>	<u>\$ 124,257</u>	
<u>Accumulated depreciation</u>						
Balance at January 1, 2023	\$ 24,542	\$ 2,802	\$ 2,776	\$ 612	\$ 30,732	
Additions	25,589	2,355	2,243	649	30,836	
Decrease	<u>(4,714)</u>	<u>(2,701)</u>	<u>(1,940)</u>	<u>(161)</u>	<u>(9,516)</u>	
Balance at December 31, 2023	<u>\$ 45,417</u>	<u>\$ 2,456</u>	<u>\$ 3,079</u>	<u>\$ 1,100</u>	<u>\$ 52,052</u>	
Carrying amount at December 31, 2023	<u>\$ 64,760</u>	<u>\$ 3,028</u>	<u>\$ 1,698</u>	<u>\$ 2,719</u>	<u>\$ 72,205</u>	

## SHINKONG SYNTHETIC FIBERS CORPORATION

## STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Creditor	Amount	Contract Period	Range of Interest Rate (%)	Collateral
Taishin Bank	\$ 250,000	2023.03.21-2024.03.31	1.68-1.80	None
The Export-Import Bank of the ROC	500,000	2023.06.13-2024.06.13	1.68-1.80	None
Land Bank of Taiwan	400,000	2023.04.17-2024.04.17	1.68-1.80	None
HSBC Bank	150,000	2023.06.05-2024.06.05	1.68-1.80	None
Cathay United Bank	400,000	2023.03.10-2024.03.31	1.68-1.80	None
Bangkok Bank	100,000	2023.09.15-2024.09.15	1.68-1.80	None
Bank SinoPac	150,000	2023.10.26-2024.10.31	1.68-1.80	None
Taiwan Cooperative Bank	150,000	2023.10.16-2024.10.16	1.68-1.80	None
Far Eastern International Bank Co., Ltd	250,000	2023.09.13-2024.09.13	1.68-1.80	None
First Commercial Bank	100,000	2023.03.13-2024.03.13	1.68-1.80	None
DBS Bank	400,000	2023.06.01-2024.06.01	1.68-1.80	None
E.Sun Commercial Bank, Ltd.	<u>100,000</u>	2023.07.17-2024.07.17	1.68-1.80	None
	<u>\$ 2,950,000</u>			

**SHINKONG SYNTHETIC FIBERS CORPORATION****STATEMENT OF ACCOUNTS PAYABLE****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

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<b>Client Name</b>	<b>Description</b>	<b>Amount</b>
Company A	Payable for goods	\$ 348,076
Company B	"	182,459
Company C	"	108,459
Company D	"	70,346
Others (Note)	"	<u>259,010</u>
		<u>968,350</u>
Accounts payable to related parties		
TSI	"	231,897
Others	"	<u>16,852</u>
		<u>248,749</u>
		<u>\$ 1,217,099</u>

Note: The amount of individual vendor in others does not exceed 5% of the account balance.

**SHINKONG SYNTHETIC FIBERS CORPORATION**

**STATEMENT OF BONDS PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

	Trustee	Period	Interest Payment Date	Interest Rate (%)	Principal Issued	Amount Repaid	Ending Balance	Secured	Repayment	Remark
2020 first secured domestic bonds	Hua Nan Bank	2020.11.19-2025.11.19	Single interest calculation once a year	0.58	\$ 1,500,000	\$ -	\$ 1,500,000	Secured by Bank	Paid on the maturity date	-
2020 second secured domestic bonds	Hua Nan Bank	2021.01.14-2026.01.14	Single interest calculation once a year	0.56	1,500,000	-	1,500,000	Secured by Bank	Paid on the maturity date	-
2021 first secured domestic bonds	Mega Bank	2021.10.28-2026.10.28	Single interest calculation once a year	0.54	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>	Secured by Bank	Paid on the maturity date	-
					<u>\$ 5,000,000</u>	<u>\$ -</u>	<u>\$ 5,000,000</u>			

## SHINKONG SYNTHETIC FIBERS CORPORATION

## STATEMENT OF LEASE LIABILITIES

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Lease Term	Discount Rate (%)	Balance, End of the Year	Remark
Buildings	Mainly for the use of offices	2 years	0.70-1.32	\$ 68,029	
Machinery equipment	For operating uses	3 years	0.75-1.32	3,215	
Transportation equipment	For operating uses	2 to 3 years	0.74-1.20	1,711	
Office equipment	For operating uses	5 to 7 years	0.76-1.32	<u>2,730</u>	
				75,685	
Less: Current portion				<u>(33,526)</u>	
Lease liabilities - non-current				<u>\$ 42,159</u>	

**SHINKONG SYNTHETIC FIBERS CORPORATION****STATEMENT OF SALES REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Description</b>	<b>Amount</b>
Sales revenue		\$ 21,856,590
Less: Sales returns		(31,823)
Sales allowances		<u>(6,453)</u>
		<u>\$ 21,818,314</u>

**SHINKONG SYNTHETIC FIBERS CORPORATION**
**STATEMENT OF COST OF GOODS SOLD**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**(In Thousands of New Taiwan Dollars)**


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Item	Amount
1. Raw materials	
Balance, beginning of the year	\$ 660,696
Add: Raw materials purchased	14,136,369
Less: Raw materials, end of the year	<u>(514,183)</u>
Total raw materials used for the year	<u>14,282,882</u>
2. Materials	
Balance, beginning of the year	261,994
Add: Materials purchased	1,328,179
Less: Transferred to other accounts	(25,592)
Materials, end of the year	<u>(208,171)</u>
Total materials used for the year	<u>1,356,410</u>
3. Direct labor	629,470
4. Manufacturing expenses	<u>2,503,121</u>
5. Manufacturing cost	18,771,883
6. Add: Work in process, beginning of the year	351,545
Work in process purchased	99,126
Less: Work in process, end of the year	(412,819)
Transferred to other accounts	<u>(855,725)</u>
7. Cost of finished goods	17,954,010
8. Add: Finished goods, beginning of the year	2,437,455
Finished goods purchased	2,066,219
Less: Transferred to other accounts	(21,458)
Finished goods, end of the year	<u>(2,016,148)</u>
9. Temporary differences in material prices	(32,799)
10. Loss on work stoppages	429,907
11. Loss due to market price decline and obsolete and slow-moving inventories	120,181
12. Revenue from sale of scraps	(20,405)
13. Impairment on property, plant and equipment	<u>7,529</u>
	<u>\$ 20,924,491</u>

## SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENT OF OPERATING EXPENSES  
 FOR THE YEAR ENDED DECEMBER 31, 2023  
 (In Thousands of New Taiwan Dollars)

Name	Selling Expense	General and Administrative Expense	Research and Development Expenses	Expected Credit Losses (Reversed)	Total
Payroll and related expense	\$ 43,332	\$ 86,293	\$ 74,091	\$ -	\$ 203,716
Rental expense	921	2,802	-	-	3,723
Stationery expense	38	1,034	63	-	1,135
Traveling expense	5,363	7,537	519	-	13,419
Shipping expense	413,831	47	442	-	414,320
Postage expenses	1,779	9,138	23	-	10,940
Repair and maintenance expense	16	429	4,310	-	4,755
Advertisement expense	9,155	277	141	-	9,573
Utilities expense	-	1,118	-	-	1,118
Insurance expense	10,594	15,880	8,920	-	35,394
Entertainment expense	2,378	14,619	273	-	17,270
Donation expense	-	720	-	-	720
Taxes	-	-	551	-	551
Depreciation expense	486	31,998	50,080	-	82,564
Meal expenses	1,381	2,820	3,149	-	7,350
Employee benefits	475	1,147	1,200	-	2,822
Consumables expense	-	429	2,060	-	2,489
Professional service fees	486	37,950	551	-	38,987
Commission expense	32,130	-	-	-	32,130
Export expense	36,618	13	-	-	36,631
Training expense	11	2,658	89	-	2,758
Research expense	-	-	50,208	-	50,208
Information fee	1,261	8,956	831	-	11,048
Other expense	6,411	16,323	26,715	-	49,449
Expected credit losses	-	-	-	3,764	3,764
	<u>\$ 566,666</u>	<u>\$ 242,188</u>	<u>\$ 224,216</u>	<u>\$ 3,764</u>	<u>\$ 1,036,834</u>

## SHINKONG SYNTHETIC FIBERS CORPORATION

### STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

<del>Classified By Function</del>  Classified By Nature	For the Year Ended December 31					
	2023			2022		
	Classified as Cost of Revenue	Classified as Operating Expenses	Total	Classified as Cost of Revenue	Classified as Operating Expenses	Total
Labor cost						
Salaries and bonuses	\$ 886,100	\$ 161,774	\$ 1,047,87	\$ 1,066,760	\$ 299,381	\$ 1,366,14
Labor and health insurance	105,021	28,051	133,07	111,709	25,011	136,72
Pension	33,956	12,034	45,99	37,015	10,860	47,87
Board compensation	-	6,367	6,36	-	8,186	8,18
Others	46,325	12,836	59,16	48,367	11,356	59,72
Depreciation expense	<u>533,687</u>	<u>82,564</u>	<u>616,25</u>	<u>497,572</u>	<u>51,300</u>	<u>548,87</u>
	<u>\$ 1,605,089</u>	<u>\$ 303,626</u>	<u>\$ 1,908,71</u>	<u>\$ 1,761,423</u>	<u>\$ 406,094</u>	<u>\$ 2,167,51</u>

- Note: 1. For the years ended December 31, 2023 and 2022, the Company had an average of 1,704 and 1,820 employees, which included are both 11 non-employee directors, respectively.
2. Average labor cost for the years ended December 31, 2023 and 2022 was NT\$760 thousand and NT\$890 thousand, respectively.
3. Average salary and bonus for the years ended December 31, 2023 and 2022 was NT\$619 thousand and NT\$755 thousand, respectively.
4. Average salaries and bonuses decreased by 18.01% year over year.

The Company's remuneration policies:

1. According to the Articles of Incorporation of the Company, the board of directors is authorized to determine the remuneration of president and directors, in accordance with their participation in the Company's operations and contributions, and taking into account the standards of the industry within the R.O.C. and overseas. The Articles of Incorporation of the Company also provide that the remuneration of directors shall be no more than 5% of annual profits.
2. The total compensation paid to the executive officers is decided based on their job responsibility, contribution, performance and projected future risks of the Company. It is reviewed by the compensation committee and then submitted to the board of directors for approval.
3. The compensation of employees is based on the principle of internal fairness and external competitiveness, including fixed salary, variable salary, and a profit sharing bonus for attracting, motivating, and retaining talents. The Articles of Incorporation of the Company also provide that the compensation of employees shall be no less than 1% of annual profits.
4. Employees' personal compensation is based on their qualifications, professional knowledge, years of experience and job responsibilities. Bonuses and compensation of employees are rewards for personal performance and contributions.

VI. Any financial distress experienced by the Company or affiliated enterprise and its impact on the Company's financial status in the last year up until the publication date of this annual report: None.

## Seven. Review of financial position, business performance, and risk issues

### I. Analysis of Financial Status

Comparative analysis of consolidated financial position

Unit: NTD thousands

Item \ Year	2023	2022	Variance	
			Amount	%
Current assets	125,941,330	117,100,691	8,840,639	7.55
Non-current assets	69,102,198	64,630,383	4,471,815	6.92
Total assets	195,043,528	181,731,074	13,312,454	7.33
Current liabilities	123,432,958	114,763,043	8,669,915	7.55
Non-current liabilities	24,765,491	20,890,156	3,875,335	18.55
Total liabilities	148,198,449	135,653,199	12,545,250	9.25
Share capital	16,184,093	16,184,093	-	0.00
Capital reserve	1,963,101	1,950,312	12,789	0.66
Retained earnings	13,667,565	14,493,177	(825,612)	(5.70)
Other equity items	4,566,158	2,884,397	1,681,761	58.31
Treasury stock	(29,834)	(29,834)	-	0.00
Non-controlling equity	10,493,996	10,595,730	(101,734)	(0.96)
Total shareholders' equity	46,845,079	46,077,875	767,204	1.67
Explanation to significant current variations amounting to NT\$10 million or 20% or above in the later period:				
1. Increase in other equity: Mainly due to the increase in unrealized gains and losses in other comprehensive income - equity instruments for the year.				

## Comparative analysis of standalone financial position

Unit: NTD thousands

Item \ Year	2023	2022	Variance	
			Amount	%
Current assets	8,067,900	9,133,443	(1,065,543)	(11.67)
Non-current assets	45,848,256	44,460,157	1,388,099	3.12
Total assets	53,916,156	53,593,600	322,556	0.60
Current liabilities	6,962,819	5,846,761	1,116,058	19.09
Non-current liabilities	10,602,254	12,264,694	(1,662,440)	(13.55)
Total liabilities	17,565,073	18,111,455	(546,382)	(3.02)
Share capital	16,184,093	16,184,093	-	0.00
Capital reserve	1,963,101	1,950,312	12,789	0.66
Retained earnings	13,667,565	14,493,177	(825,612)	(5.70)
Other equity items	4,566,158	2,884,397	1,681,761	58.31
Treasury stock	(29,834)	(29,834)	-	0.00
Total shareholders' equity	36,351,083	35,482,145	868,938	2.45
Explanation to significant variations amounting to NT\$10 million or 20% or above:				
Description:				
1. Increase in other equity: Mainly due to the increase in unrealized gains and losses in other comprehensive income - equity instruments for the year.				

## II. Financial performance

Consolidated financial performance analysis for the previous 2 years

Unit: NTD thousands

Item \ Year	2023	2022	Increase (Decrease) Amount	Variation %	Change analysis
Total revenues	39,565,140	45,967,673	(6,402,533)	(13.93)	
Total expenses	38,064,309	41,273,628	(3,209,319)	(7.78)	
Continuing operations - Pre-tax profit (loss)	1,500,831	4,694,045	(3,193,214)	(68.03)	
Income tax benefits (expenses)	(331,257)	(1,073,557)	(742,300)	(69.14)	
Continuing operations - Net income	1,169,574	3,620,488	(2,450,914)	(67.70)	
Net profit after tax of discontinued businesses	-	-	-	-	
Current net income	1,169,574	3,620,488	(2,450,914)	(67.70)	
Other comprehensive income	1,780,375	(1,099,688)	2,880,063	261.90	
Total comprehensive income	2,949,949	2,520,800	429,149	17.02	

Explanation to material variations:

1. Pre-tax profit from continuing operations decreased mainly due to the decrease of the sales in the period.
2. Decrease in income tax expense: The primary reason is the decrease in pre-tax profit in the period, leading to decrease in income tax expenses.
3. Decrease of after-tax profit from continuing operations: Mainly due to the decrease of pre-tax profit in the period.
4. Decrease of net profit for the period: Mainly due to the decrease of current income.
5. Increase of other comprehensive income: Mainly due to the valuation gain on equity instruments measured at fair value through other comprehensive income.
6. Increase of total comprehensive income: Mainly due to the valuation gain on equity instruments measured at fair value through other comprehensive income.

## Standalone financial performance analysis for the previous 2 years

Unit: NTD thousands

Item \ Year	2023	2022	Increase (Decrease) Amount	Variation %	Change analysis
Net operating income	21,818,314	28,012,162	(6,193,848)	(22.11)	
Operating costs	(20,924,491)	(24,870,009)	(3,945,518)	(15.86)	
Gross profit	893,823	3,142,153	(2,248,330)	(71.55)	
Unrealized gain on transactions with subsidiaries	(15,716)	(139,993)	(124,277)	(88.77)	
Realized gain on transactions with subsidiaries	71,354	86,069	(14,715)	(17.10)	
Realized gross profits	949,461	3,088,229	(2,138,768)	(69.26)	
Operating expenses	(1,036,834)	(1,735,836)	699,002	(40.27)	
Net operating income (loss)	(87,373)	1,352,393	(1,439,766)	(106.46)	
Non-operating income and expenses	750,697	1,987,377	(1,236,680)	(62.23)	
Pre-tax profit	663,324	3,339,770	(2,676,446)	(80.14)	
Income tax benefits expenses (Expense)	101,086	(515,983)	617,069	119.59	
Net profit for the year	764,410	2,823,787	(2,059,377)	(72.93)	
Other comprehensive profit or loss for the year	1,710,148	(1,167,939)	2,878,087	246.42	
Total comprehensive profit or loss for the year	2,474,558	1,655,848	818,710	49.44	

Explanation to material variations:

1. Decrease of net operating income: Mainly due to low economic development and decreased demands.
2. Decrease of gross profit: Mainly due to the decrease in operating income for the period.

3. Decrease of unrealized gain on transactions with subsidiaries: Mainly due to the decrease of subsidiaries' service requirements.
4. Decrease in realized gross profit: mainly due to the decrease in operating income for the period.
5. Decrease in operating expenses: mainly due to the decrease in operating revenues for the period.
6. Operating income decreased mainly due to the decrease of sales for the period.
7. Decrease in non-operating income and expenses: Mainly due to the decrease in the share of profit or loss of subsidiaries and affiliated companies using the equity method.
8. Decrease of pre-tax profit: Mainly due to the decrease of net operating income.
9. Decrease of tax expense: Mainly due to the decrease of pre-tax profit for the current period and the deferred income tax.
10. Decrease of net profit for the year: Mainly due to the decrease in operating income for the period.
11. Increase of other comprehensive income: Mainly due to the decrease in unrealized valuation gain on equity instruments measured at fair value through other comprehensive income.
12. Increase in total comprehensive income for the year: Mainly due to increase in unrealized valuation gain on equity instruments measured at fair value through other comprehensive income.

### III. Cash flow

#### Cash flow analysis

Unit: NTD thousands

2023.12.31 Opening cash balance as of December 31, 2023 ①	Projected yearly net cash flow from operating activities②	Estimated annual cash outflow ③	Estimated cash (deficit) balance ① + ② - ③	Remedies for cash deficits	
				Investment plans	Financing plans
10,499,318	2,500,000	3,000,000	9,999,318	-	-
1. Analysis of cash flow for the year: (1) Operating activities: The estimated operating activities are presented as net cash inflow. (2) Investing activities: The estimated investing activities are presented as net cash outflow. (3) Financing activities: The estimated financing activities are presented as cash outflow. 2. Improvements for lack of liquidity: None. 3. Liquidity analysis for the next year: Cash flow from operating, investing, and financing activities should remain normal and continue to support the Company's operations.					

### IV. Major Capital Expenditure Items

#### (I) Major capital expenditures and sources of capital

Unit: NTD thousands

Planned Projects	Actual or estimated source of capital	Actual or estimated completion date	Total fund needed	Actual or expected uses of capital		
				2023	2024	2025
Establishment of trading company in Vietnam	50% Loan 50% Equity Fund	2023.12.31	16,000	16,000	-	-
Thailand's expansion construction to produce polyester chips	20% Loan 80% Equity Fund	2023.06.30	3,420,000	1,394,063	184,557	0
Invested in the 1st phase development of "Youth Venture Village and Smart Manufacturing Park".	50% Loan 50% Equity Fund	116.05.19	5,600,000	12,800	1,050,000	2,500,000

## (II) Expected profits

1. The Company established a trading company in Vietnam to primarily engage in the sale of PET DTY/SDY and other textile yarns, aiming to expand and deepen the local market in Vietnam. The Company also aims to provide diversified services to local brand owners and fabric merchants, establishing an overseas presence with a globalized operation and a complete supply chain. It is anticipated that the business will contribute to revenue and operational profitability in 2024.
2. The expansion of PET bottle granule plant in Thailand in collaboration with Mitsubishi of Japan has commenced mass production in Q2 2023, with an annual capacity of approximately 210,000 tons.
3. In 2022, the Group signed a development contract with the Taoyuan City Government for the investment in the development of “Youth Venture Village and Smart Manufacturing Park.” A subsidiary company, Shinkong Youth Co., Ltd. has been established to carry out relevant business operations. The development of the park is expected to proceed in two phases. The first phase includes the development of the Youth Venture Village (including workshops), the installation of basic infrastructure pipelines, the construction of some public facilities in the park (such as landscape detention ponds, roads, etc.), and smart logistics warehousing. The expected completion date is May 19, 2027. The second phase includes the construction of smart manufacturing production plants and other public facilities in the park. The expected completion date is May 19, 2030.

(7)

## V. Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

The goals of the Company's investment policy are diversified businesses, expansion of business exposure, reduction of the Group's operation risks, and maintaining profitability over the long term. The investments objects may exhibit fluctuations in profitability due to changes in the industrial cycle, but the Company considers investment risks to be manageable given the amount committed. For the 2023 operating results of the Company's reinvestments, please refer to page 417.

In this year and in the years to come, the Company will invest in the domestic development project of the Youth Venture Village and Smart Manufacturing Park.

## VI. Analysis of Risk Management

Analysis of the following issues in the last year up until the publication date of this annual report:

(I) Impact of interest rate, exchange rate, and inflation on the Company's earnings, and response measures:

1. Impacts of interest rate variation and response measures

The Company's interest rate risks are mainly associated with long-term and short-term liabilities that arise as a result of business activities. To minimize the risk of interest rate changes, the Company not only relies on cash inflow from operating activities as the main source of capital, but also makes flexible adjustments to its long-term and short-term financing arrangements depending on interest rate changes, and in doing so reduces the impact on profit and loss.

2. Impacts of exchange rate variation and response measures

The Company generates more than half of its operating revenues from export sales, while some manufacturing overhead and capital expenditures are denominated in foreign currencies. The types of foreign currencies involved in business activities include USD, EUR, and others. Unless transactions are covered by a natural hedge, a change in the exchange rate would affect the Company's profit and loss to some extent. As a response, the Company actively gathers information on exchange rate changes and uses derivatives to hedge against exchange rate risks.

3. Impacts of inflation and response measures

In recent years, geopolitical conflicts, climate changes, supply chain restructuring and other factors have resulted in significant fluctuations in raw material prices, and the increase in uncertainties may further affect the Company's operations. Thus, the Company will continue to secure the source of its raw materials and improve production procedures in a manner that minimizes the adverse impacts of price fluctuation on operations.

(II) Policies on high-risk and highly leveraged investments, loans to third parties, endorsements/guarantees, and trading of derivatives. Describe the main causes of profit or loss incurred and future response measures:

1. The Company was never involved in high-risk or highly leveraged investment.
2. Loans to third parties are arranged according to the Company's Third Party Lending Procedures.
3. All endorsements and guarantees are provided for subsidiaries and arranged according to the Company's Endorsement and Guarantee Procedures.
4. The Company's derivative transactions mostly comprise short positions in forward exchange contracts and options. These derivatives are used mainly to fix the rate of exchange between foreign currencies and NTD, which the Company is exposed to as a result of export sales. All of the above transactions are executed according to the "Asset Acquisition and Disposal Procedures", with hedging transactions undertaken to mitigate risk exposures.

(III) Future research and development plans and its estimated spending:

Looking to the future, the Group will continue to invest in new product development. In addition to actively upgrading the technology level and creating added value, future product development and deployment will focus on three areas of "energy saving and carbon reduction", "recycling", and "high function/high value added."

The future R&D plan will include various high-functional TPEE chips, recycled renewal/bio PET, multifunctional polyester fibers, recyclable polyester fibers and a variety of functional films for display applications. The estimated investment in R&D is approximately NT\$300 million.

(IV) The impact of changes of the important domestic and international policies and laws on the Company's financial operation, and the corresponding measures:

The Group pays attention to and grasps the information of the policies, laws, and regulations that may affect the Group's operations, and adjusts the relevant internal systems and operations

accordingly. For example, the United Nations signed the “Paris Agreement” in 2015 to control the rise of the earth’s temperature, and reduce greenhouse gas emissions, in the hope of jointly curbing the trend of global warming. As a result, countries and enterprises around the world are also paying attention to this issue, and have begun to formulate related ordinances and schedules to reduce carbon emissions. The Group’s industries are closely related to carbon emissions, and attach great importance to this issue. We have not only discussed with upstream and downstream manufacturers and customers regarding how to reduce carbon emissions, but also designated 2022 as the first year of carbon reduction, with the expectation to achieve the net zero emission target before 2050. Also, with the situation of the US-China trade war, which has affected the Group’s business, adjustments in the global strategy and production bases have been adopted.

- (V) The impact of technological (include information security risk) and industrial changes on the Company’s financial operation and the corresponding measures:

With regard to industrial changes and the rapid development of technology, the Group has always been striving to keep up with the trend, and has used information technology to research, develop and optimize various application systems. The Group obtained ISO 27001 computer room, network and ERP system security certification in 2020; in 2022, the Group applied for certificate renewal which was approved by the external certification unit BV, and the certificate was obtained again on February 14, 2023, with the latest validity period of October 25, 2025. Relevant information security policies are formulated and followed in accordance with ISO 27001, regular audits are conducted by external certification units every year, and information security protection is updated and strengthened year by year.

The Group has demonstrated a high degree of adaptability and

integration capability of its long-standing information soft power to support its operational needs. Our information services focus on digital transformation with information security as the foundation, and we are gradually deepening applications such as system integration and innovation.

The main goals of the information service team are 1. Improve information security; 2. Introduce the product carbon footprint platform; 3. Deepen digital transformation; 4. Expand the core system of industrial intelligence; 5. Continue to introduce new technologies/technologies; and 6. establish overseas centers to enhance support.

Major achievements this year are promotion of information security education and certification and introduction of the threat detection management (SOC) service for information security to enhance the overall information security awareness, strengthen protection capabilities; development and integration of product carbon footprint platform; ERP optimization and RPA integration and application to improve OA efficiency; project management platform; digital e-forms; optimization of industrial intelligence including barcode/OEE/MES/smart judgment/COA/inspection data integration/real-time inventory/patrol inspection/industrial safety/automatic report generation/automatic packaging /real-time energy usage/repair and maintenance systems; introduction of AI into process improvement and R&D formulation; promotion of ERP integration and application for overseas bases and expansions.

Facing the challenges ahead, the competition in the industry will become more severe. The Group continues to move towards the Industry 4.0 intelligent industry, focuses on process optimization and integration of information services, and continues to promote various information applications and integration projects in order to assist in the sustainable operation and development of the enterprise.

(VI) Crisis management, impacts, and response measures in the event of a change in corporate image: None.

(VII) Expected benefits, risks, and response measures in relation to mergers and acquisitions: None.

(VIII) Expected benefits, risks and response measures associated with plant expansions:

Please refer to page 399 of this annual report, titled "Major Capital Expenditure Items".

(IX) Risks and response measures associated with concentrated sales or purchases: None.

(X) Impacts, risks, and response measures following a major transfer of shareholding by directors, independent directors, or shareholders with more than 10% ownership interest: None.

(XI) Impacts, risks, and response measures associated with a change of management: None.

(XII) (XII) Litigation and non-contentious cases:

Due to the fact that some employees of the Company were involved in the loan fraud case of New Site, the court determined that they jointly committed the crime of special fraud under the Banking Act (relevant case history case number: Taiwan Taipei District Court 2020 Jin-Zhong-Su-Zi No. 3, Taiwan High Court 2021 Jin-Shang-Chong-Su-Zi No. 8, Supreme Court 2021 Tai-Shang-Zi No. 5978, and Supreme Court Judgment Date: December 9, 2021), and were convicted guilty. Yuanta Bank, one of the victimized banks in the New Site fraud case, filed a civil damages lawsuit with the Taiwan Taipei District Court (on November 12, 2020, the Company received and served an additional defendant letter for a criminal incidental civil lawsuit), claiming that the Company shall bear the employer's liability under the Civil Code for the employees' crime, and jointly compensate with the employees for a total of about NT\$166.47 million, including about NT\$111.08

million in the name of Highlite Industries, Inc. and NT\$55.39 million in the name of New Site Company. In October 2019, the project inspection report of the Financial Supervisory Commission found that Yuanta Bank was negligent in the Run-Yin loan fraud case. Due to the fact that the Company may be liable to pay for the compensation, the determination of the amount of compensation is subject to investigation by clarifying the proportion of fault of both parties. As of the date of approval of the financial statements, the aforementioned criminal incidental civil lawsuit was being tried by the Taiwan Taipei District Court (Case No.: 2021 Jin-Zi No. 17 and 2021 Jin-Zi No. 29); based on the opinions of the external lawyer, the Company has estimated the lawsuit Debt provision. Nevertheless, the Company has no other determined or pending determined significant litigation, non-litigation or administrative disputes that may have a material impact on shareholders' equity or the price of securities.

(XIII)Other material risks and response measures:

Due to the sustainable development of the Company, as well as the requirements of international net zero carbon emission trend, corporate governance, social regulations, and requirements of investors and customers all pay attention to the investment and performance of enterprises in ESG (Environmental/Social/Governance). In addition, the impact of global climate change is increasingly obvious, and a series of potential risks are threatening enterprises, including water shortage, water supply interruption, power instability, production and supply chain interruption, rising resource and material costs, and reduced sales. The implementation of the ESG strategy can reduce enterprise risks, reduce operating costs, and increase future development benefits to lay the foundation for long-term development, and make contributions in social, environmental, and economic aspects. The Group has planned response strategies and

combined ESG and SDGs goals, including:

1. Energy saving and waste reduction: Transfer to a low-carbon model, and introduce new energy-saving technologies to increase energy efficiency. Actively reduce the consumption and use of water resources, increase recycling and reuse, reduce wastewater discharge, develop emerging renewable energy sources, such as solar power plants, and reduce greenhouse gas emissions. It has been listed as one of the focus operations each year is green developments which will be installed according to laws and regulations.
2. Develop new products/services/markets: The continuous promotion of the 3330 target is to accelerate the research and development of new products and expand new markets. The goal is to complete three large-scale R&D equipment updates within three years and increase the profit of each business unit by 30%.
3. Adjustments of production and sales strategy: Pay attention to market changes and diversify the market to avoid excessive market concentration; diversify suppliers, distribution and logistics alternatives to diversify risks. Promote the development of circular economy with resource management and source management such as waste reduction, recycling, and promotion of green supply chain.
4. Strengthening corporate social responsibility: Enhance employees' awareness of sustainable development, ensure their safety and health, pay attention to environmental issues, and adhere to integrity and ethics to implement corporate social responsibility.
5. Other: When making decisions regarding investments, factors of climate changes must be included and should be approached from the operational and engineering design aspects in order to maintain process capabilities and reduce the impact extreme

weather brings.

VII. Other important disclosures: None.



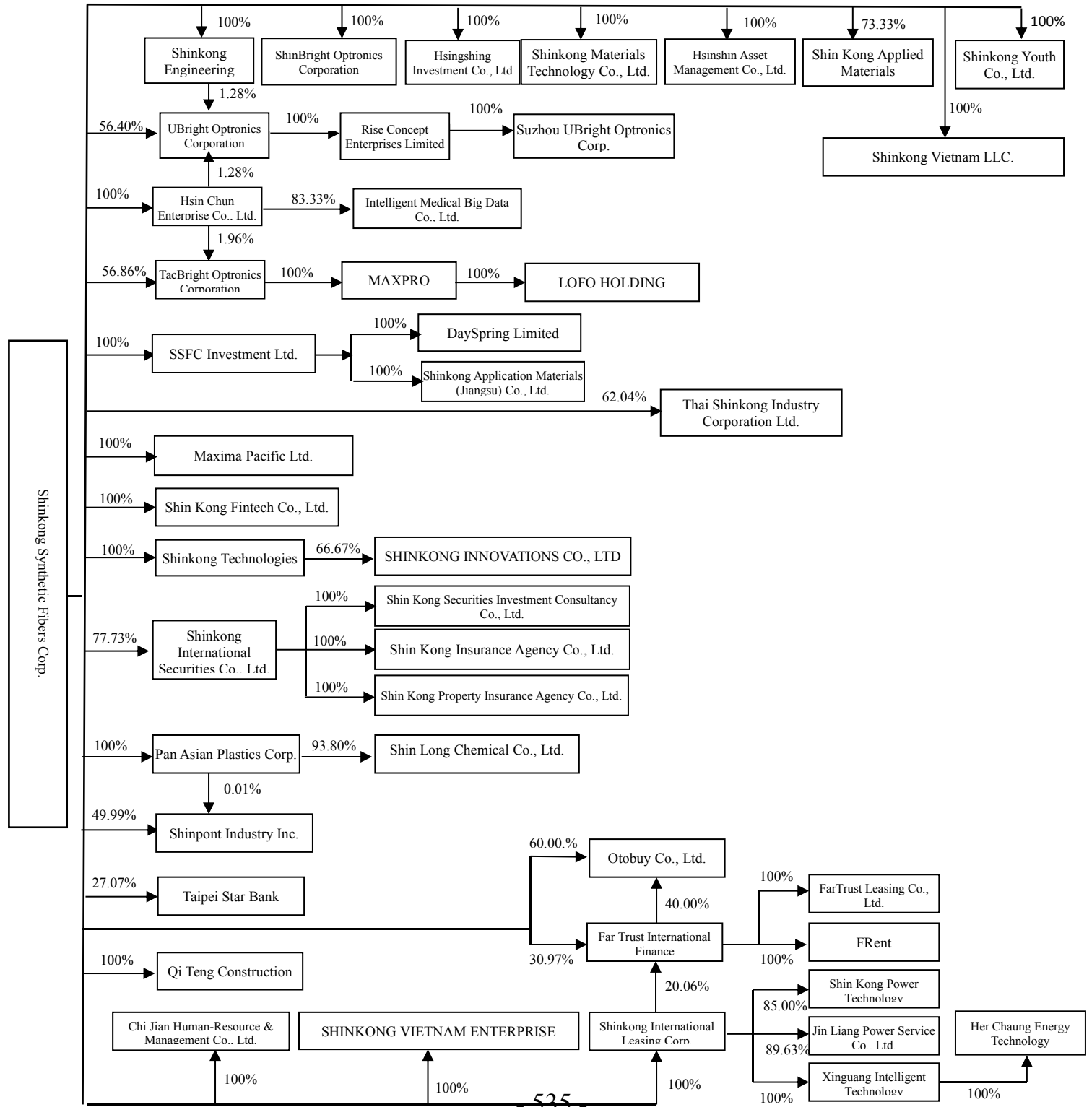
## Eight. Special Disclosure

### I. Information on Affiliates

#### (I) Consolidated business report

##### 1. Affiliated enterprises chart

##### (1) Subordinate companies in which the Company exercises control



- (2) Companies deemed in control: None.  
(3) Reciprocal investment relationship: None.

## 2. Profile of affiliated enterprises

Unit: NTD/USD/HKD/EUR/RMB/VND thousand

Company name	Date of incorporation	Address	Paid-up capital	Main business activities or products
Controlling company:				
Shinkong Synthetic Fibers Corp.	1967.04.25	5F, No. 136, Section 3, Ren'ai Road, Da'an District, Taipei	NT16,184,093	Manufacturing and sales of synthetic fiber, plastics, composite films, sheets and processed goods
Controlled company:				
Hsingshing Investment Co., Ltd	1990.05.31	5F., No. 136, Section 3, Ren'ai Road, Da'an District, Taipei City	NT 1,609,000	Investment of all types of businesses, construction of commercial complex development, and residential development
Shinkong Engineering Co., Ltd.	1990.12.06	5F., No. 136, Section 3, Ren'ai Road, Da'an District, Taipei City	NT385,438	Contractions of various projects such as air pollution control, piping engineering and machine installation.
Shin Chiun Industrial Co., Ltd.	2002.03.12	5F., No. 136, Section 3, Ren'ai Road, Da'an District, Taipei City	NT838,000	Investment and related business of different industries.
Intelligent Medical Big Data Co., Ltd.	2013.09.03	6F, No. 202, Sec. 2, Yanping N. Road, Datong District, Taipei	NT30,000	Management consulting, biotechnology and research and development services industry.
UBright Optronics Corporation	2003.12.31	No. 80, Xinguang E. Rd., Neighborhood 9, Renshan Village, Daxi District, Taoyuan County	NT 809,917	Manufacturing and wholesaling of precision chemical materials and molds.
Rise Concept Enterprises Limited	2020.05.22	Room 803 Tung Hip Commercial Building 248 Des Voeux Road Central HK	HK2,000	Trading brightening films, etc.
Suzhou UBright Optronics Corp.	2020.11.19	Room 882, Xinghai International Building, No. 28 Wansheng Street, Suzhou Industrial Park, Suzhou Area, China (Jiangsu) Pilot Free Trade Zone	RMB1,000	Brightening film cutting and processing.
Maxima Pacific Ltd.	1994.04.20	British Virgin Islands	USD7,578	Professional Investment
Thai Shinkong Industry Corporation Ltd.	1994.08.30	No. 54, 7th Floor, Harinhorn Bldg, North Sathornrd, Bangrak, Bangkok 10500	USD76,688	Production of industrial plastics, polyester film, polyester film, and sales of products.
SSFC Investment Ltd.	1997.06.04	British Virgin Islands	USD191	Professional investment

Company name	Date of incorporation	Address	Paid-up capital	Main business activities or products
SSFC Investment Ltd.	1997.06.04	British Virgin Islands	USD 191	Professional investment
Dayspring Ltd. (Dayspring)	1991.05.16	14F, Hutchison House, Central, Hong Kong	HK374,486	Professional investment
Shinkong Applied Materials (Jiangsu) Co. Ltd.	2020.05.14	No. 1, Huafa Road, Yangzhou Economic and Technological Development Zone, Jiangsu Province	USD15,000	Sales of synthetic materials and fibers, and manufacturing of plastic products.
Shinkong Materials Technology Co., Ltd.	2004.09.29	5F, No. 136, Section 3, Ren'ai Road, Da'an District, Taipei City	NT859,924	Manufacturing and sales of electronic components.
Shinpont Industry Inc.	2000.10.09	5F, No. 136, Section 3, Ren'ai Road, Da'an District, Taipei City	NT 505,000	Wholesaling and retailing of synthetic fibers and threads
Pan Asian Plastics Corp.	1980.07.30	5F, No. 136, Section 3, Ren'ai Road, Da'an District, Taipei City	NT505,700	Manufacturing and trading of polyester chips, polyester preforms and packaging materials.
Pan Asian Plastics Industry Corporation	2006.05.05	5F, No. 136, Section 3, Ren'ai Road, Da'an District, Taipei City	NT539,650	Manufacturing and trading of polyester chips, polyester preforms and packaging materials.
Shin Long Chemical Co., Ltd.	1983.11.02	5F, No. 136, Section 3, Ren'ai Road, Da'an District, Taipei City	NT50,000	Manufacturing and processing of magnetic tapes and polyester films for various audio and video discs.
Shinkong International Leasing Corp.	2015.01.13	7F-2, No. 202, Section 2, Yanping N. Road, Datong District, Taipei City	NT1,300,000	Leasing for various businesses.
Shinkong Power Technology Co., Ltd.	2020.10.22	7F-2, No. 202, Section 2, Yanping N. Road, Datong District, Taipei City	NT 200,000	Solar power related business
TacBright Optronics Corporation	2006.10.19	No. 3, Kebei 2nd Road, Zhunan Township, Miaoli County	NT4,636,020	Manufacturing of Precision Chemical Materials -synthetic resins and plastics.
Maxpro Ltd.	2006.05.25	British Virgin Islands	USD49,843	General reinvestment.
Lofo Holding GmbH	2006.05.19	<b>Weid strasse 2, D-79576 Weil am Rhein, Germany</b>	EUR25	General reinvestment.
Taipei Star Bank	2007.07.02	No. 2, Lane 135 and No. 133, Section 2, Yanping North Road, Taipei City	NT3,139,237	Commercial banking
Shin Kong International Securities Co., Ltd.	1993.11.25	5F, No. 66-1, Section 1, Chongqing South Road, Taipei City	NT1,519,000	Securities and futures introducing broker for consigned trading.
Shin Kong Investment Consultant Co., Ltd.	2005.08.03	8F, No. 66-1, Section 1, Chongqing South Road, Taipei City	NT20,000	Securities investment consulting.
Shin Kong Insurance Agency	2005.08.30	8F, No. 66-1, Section 1, Chongqing South	NT20,000	Life insurance agency



Company name	Date of incorporation	Address	Paid-up capital	Main business activities or products
Co., Ltd.		Road, Taipei City		
Shin Kong Property Insurance Agency Co., Ltd.	2006.07.17	8F, No. 66-1, Section 1, Chongqing South Road, Taipei City	NT10,000	Property Insurance agency
Chi Jian Human Resources & Management Co., Ltd.	2008.11.06	No. 55, Zhenxing West Road, Xinshi Village, Pingzhen District, Taoyuan City	NT5,000	Human resources management consultancy
Hsinshin Asset Management Co., Ltd.	2011.08.05	5F, No. 136, Section 3, Ren'ai Road, Da'an District, Taipei City	NT53,700	Development, leasing, and sales of residential and commercial complexes
Shinkong Technologies Corporation	2015.11.04	5F, No. 136, Section 3, Ren'ai Road, Da'an District, Taipei City	NT 32,633	Electronic information software
SHINKONG INNOVATIONS CO., LTD	2019.10.24	5F, No. 136, Section 3, Ren'ai Road, Da'an District, Taipei City	NT 3,000	Electronic information software
Shinkong Applied Materials Co., Ltd.	2020.02.25	5F, No. 136, Section 3, Ren'ai Road, Da'an District, Taipei City	NT15,000	Manufacturing of other chemical raw materials.
Otobuy Co., Ltd.	2020.01.13	7F-2, No. 202, Section 2, Yanping North Road, Taipei City	NT10,000	Other machinery and equipment wholesale
Jin Liang Power Service Co., Ltd.	2016.11.17	5F-2, No. 202, Section 2, Yanping N. Road, Datong District, Taipei City	NT250,000	Solar power related business
Shinkong Energy Corporation	2022.12.15	6F, No. 202, Section 2, Yanping N. Road, Datong District, Taipei City	NT100,000	Solar power related business
Far Trust International Finance Co., Ltd	2003.12.09	19F-1, No. 33, Section 1, Minsheng Road, Banqiao District, New Taipei City	NT 988,000	Overdue accounts receivable management services
Fartrust International Leasing Co., Ltd.	2010.02.11	19F-1, No. 33, Section 1, Minsheng Road, Banqiao District, New Taipei City	NT 200,000	Overdue accounts receivable management services
Fartrust Car Rental Co., Ltd.	2009.10.20	6F-4, No. 51, Hengyang Road, Chungcheng District, Taipei City	NT 50,000	Car rental
Shin Kong Fintech Co., Ltd.	2021.04.15	7F-2, No. 202, Section 2, Yanping N. Road, Datong District, Taipei City	NT50,000	Information software services
Shinkong Youth Co., Ltd.	2022.03.04	1F, No. 223, Section 3, Yenping Road, Pingzhen District, Taoyuan City	NT510,000	Manufacturing and sales of chemical fiber and plastic related products.
SHINKONG VIETNAM LLC	2022.03.29	Lot K4, D2 Road, Phu My 3 Specialised Industrial Park, Phuoc Hoa Ward, Phu My Town, Ba Ria – Vung Tau Province,	VND68,989,475	Manufacturing and sales of chemical fiber and plastic related products.
Qi Teng Construction Co., Ltd.				

Company name	Date of incorporation	Address	Paid-up capital	Main business activities or products
SHINKONG VIETNAM ENTERPRISE COMPANY LIMITED	2023.07.18 2023.08.22	Vietnam 6F, No. 202, Section 2, Yanping N. Road, Datong District, Taipei City	NTD5,000 USD500 USD50	Trading company
Her Chuang Energy Co., Ltd.	2022.03.21	Room 819, Floor 8, Thanh Dat 3 Building, No. 04 Le Thanh Tong Street, May To Ward, Ngo Quyen District, Hai Phong City, Vietnam 6F, No. 202, Section 2, Yanping N. Road, Datong District, Taipei City	NTD45,000	Solar power related business

3. Common shareholders in controlling and controlled companies:  
None
4. Main business activities and industries covered by affiliated enterprises include:
  - (1) Processing, manufacturing and sales of synthetic fiber, plastics, composite films, sheets and processed goods, manufacturing and sales of cotton yarn, blended yarn, synthetic fiber, grey cloth and finished cloth.
  - (2) Investment of all types of businesses, construction of commercial complex development, and residential development and rental and real estate leasing.
  - (3) Offshore investment company.
  - (4) Optical grade film.
  - (5) Electronic information.
  - (6) Consigned trading of securities and futures introducing broker.
  - (7) Commercial banking.
  - (8) Securities investment consulting.
  - (9) Life insurance and non-life insurance agencies.
  - (10) Electric Appliance Construction, Software Design Services, Automatic Control Equipment and Engineering Industry
  - (11) Management consultancy, information, software and data processing service, pharmaceutical testing, biotechnology, research and development service.
  - (12) Green energy.
  - (13) Financial commodity services and automobile and equipment leasing.
  - (14) Production and sales of electronic-grade hydrogen peroxide for semiconductor wafer process.

For details on the main business or production activities of affiliated enterprises, please refer to 2. Profile of affiliated enterprises.



## 5. Directors, supervisors, and President of affiliated enterprises:

Unit: NTD/HKD/USD/EUR thousand; share; %

Company name	Title	Name or name of the representative	Shares held	
			Shares or capital contribution	Shareholding percentage
Controlling company: Shinkong Synthetic Fibers Corp.	Chairperson Vice Chairperson Director	Shin Kong Development Co., Ltd. Representative: Tong-Sheng Wu Representative: Hsin-Chieh Wu Representative: Tung-Ming Wu	2,794,213	0.17%
	Director	Ji Zhen Co., Ltd. Representative: Hsing-En Wu	24,137	0.00%
	Director	Shinkong Co., Ltd. Representative: Steve Hong	84,414,691	5.21%
	Director Director	Tay Way Enterprise Co., Ltd. Representative: Ching Chun Chiu <b>Representative: Huoo Tzau Shih</b>	1,200,043	0.07%
	Director	Mian Hao Industry Co., Ltd. Representative: Sun-Mo Ni	1,226,456	0.08%
	Director	Shin Kong Wu Ho-Su Cultural & Educational Foundation Representative: Jung-Chi Liu	60,442	0.00%
	Independent Director	Hsien Der Chiu	0	0.00%
	Independent Director	Huei-Huang Lin	0	0.00%
	Independent Director	Yung Ching Tsai	0	0.00%
Hsingshing Investment Co., Ltd	Chairperson Director Director Supervisor	Shinkong Synthetic Fibers Corp. Representative: Hui-Wen Wu Representative: Chuan-Pu, Kuo Chih-Lung Hsiao Representative: Hsin-Chang Lin	160,900,000	100.00%
Shinkong Engineering Co., Ltd.	Chairperson Director Director Supervisor	Shinkong Synthetic Fibers Corp. Representative: Chin-Ta Ou Representative: Hao-Ning Ho Representative: Chin Tang Huang Representative: Hsin-Chang Lin	38,543,818	100.00%
Shin Chiun Industrial Co., Ltd.	Chairperson Director Director Supervisor	Shinkong Synthetic Fibers Corp. Representative: Hui-Wen Wu Representative: Hsin-Chang Lin Chih-Lung Hsiao Representative: Hao-Ning Ho	83,800,000	100.00%

Unit: NTD/HKD/USD/EUR thousand; share; %

Company name	Title	Name or name of the representative	Shares held	
			Shares or capital contribution	Shareholding percentage
UBright Optronics Corporation	Chairperson	Shinkong Synthetic Fibers Corp.	45,679,828	56.40%
	Director	Representative: Hsin-Chieh Wu	564,537	0.70%
	Director	Representative: Huoo-Tzau Shih		
	Director	Representative: Tong-Sheng Wu	899,059	1.12%
	Director	Chih-Lung Hsiao		
	Director	Natural person: Ren-Bo Lin	0	0.00%
	Director	Natural person: Yu-Ying Jin	76,000	0.00%
	Independent	Natural person: Zhi-Long Lin	0	0.00%
	Director	Natural person: Zong-Sheng Lin	0	0.00%
	Independent	Natural person: Guo-Zhong Ji	0	0.00%
Hong Kong Rise Concept Enterprises Limited	Executive Director	UBright Optronics Corporation	HK 2,000	100.00%
		Representative: Hsin-Chieh Wu		
Suzhou UBright Optronics Corp.	Chairperson Supervisor	Hong Kong Rise Concept Enterprises Limited Representative: Chun-Wei Tseng Representative: Yao-Ju Yang	RMB 1,000	100.00%
Maxima Pacific Ltd.	Executive Director	Shinkong Synthetic Fibers Corp. Representative: Tong-Sheng Wu	7,578,055	100.00%
SSFC Investment Ltd.	Executive Director	Shinkong Synthetic Fibers Corp. Representative: Chin-Ta Ou	191,472	100.00%
Thai Shinkong Industry Corporation Ltd.	Chairperson	Trit Ophaswongse	750,000	0.40%
	Director	Shinkong Synthetic Fibers Corp.	117,499,997	62.04%
		Representative: Chin-Ta Ou		
		Representative: Yao-Ting Li		
		Representative: Ta-Yuan Wei		
		Representative: Tung-Chin Wu		
		Representative: Tung-Ming Wu	500,001	0.26%
		Representative: Koichi Okada		
		Representative: Takashi Arima		
Dayspring Ltd. (Dayspring)	Director Director	SSFC Investment Ltd.	HK 374,486	100.00%
		Representative: Chin-Ta Ou Chin-Chang Cheng		
Chi Jian Human Resources & Management Co., Ltd.	Chairperson	Shinkong Synthetic Fibers Corp. Representative: Hui-Wen Wu	NT\$5,000	100.00%



Unit: NTD/HKD/USD/EUR thousand; share; %

Company name	Title	Name or name of the representative	Shares held	
			Shares or capital contribution	Shareholding percentage
Shinkong Applied Materials (Jiangsu) Co. Ltd.	Chairperson Director Director Supervisor	SSFC Investment Ltd. Yao-ding Lee Representative: Zhen-Bin Zhuang Representative: Yao Xing Representative: Mu-Tsun Chang	USD15,000	100.00%
Shinkong Materials Technology Co., Ltd.	Chairperson Director Director Supervisor	Shinkong Synthetic Fibers Corp. Representative: Tong-Sheng Wu Representative: Hsin-Chieh Wu Yao-ding Lee	85,992,425	100%
		Natural person: Hui-Wen Wu	0	0.00%
Maxpro Ltd.	Executive Director	TacBright Optronics Corporation Representative: Huoo-Tzau Shih	USD49,843	100.00%
LOFO HOLDING	Shareholder	Maxpro Ltd.	EUR25	100.00%
Pan Asian Plastics Industry Corporation	Chairperson Director Director Supervisor	Shinkong Synthetic Fibers Corp. Representative: Chin-Ta Ou Yao-ding Lee Representative: Zhen-Bin Zhuang Representative: Hao-Ning Ho	53,964,955	100.00%
TacBright Optronics Corporation	Chairperson	Shinkong Synthetic Fibers Corp.	263,586,455	56.86%
	Director	Representative: Huoo-Tzau Shih	285,000	0.06%
	Director	Representative: Tong-Sheng Wu	3,236,486	0.70%
	Director	Representative: An-Li Chang	10,000	0.00%
		National Development Fund, Executive Yuan	94,027,026	20.28%
	Director	Representative: Yi-Peng Chiu		
	Director	Representative: Zhi-Long Lin		
	Independent	Representative: Han-Hua Zhou	0	0.00%
	Director	Natural person: Jia-Ming Liu	0	0.00%
	Independent	Natural person: Zhen-Quan Fan	0	0.00%
Hsin Lung Chemical Co., Ltd.	Chairperson	Pan Asian Plastics Corp.	4,689,900	93.80%
	Director	Representative: Hui-Fei Wu		
	Director	Representative: Hsin-Chang Lin		
	Supervisor	Representative: Hao-Ning Ho Chih Lung Hsiao	0	0.00%

Unit: NTD/HKD/USD/EUR thousand; share; %

Company name	Title	Name or name of the representative	Shares held	
			Shares or capital contribution	Shareholding percentage
Intelligent Medical Big Data Co., Ltd.	Chairperson	Shin Chiun Industrial Co., Ltd.	2,500,000	83.33%
	Director	Chih-Lung Hsiao		
	Director	Representative: Chih-Lan Yuan	200,000	6.67%
	Supervisor	Hung Chieh Investment Co., Ltd.		
		Representative: Zong-Lai Yang	0	0.00%
		Natural person: Yi-Wei Wu		
Shin Kong International Securities Co., Ltd.	Chairperson	Shinkong Synthetic Fibers Corp.	118,072,262	77.73%
	Director	Representative: Bing-Fa Zhan		
	Director	Representative: Xiao-Wen Lai		
	Director	Representative: Min-Hui Hua		
	Director	Representative: Jian-Ting Li		
	Director	Representative: Yu-Qing Fan		
	Director	Ithaca Information Co., Ltd.	1,623,004	1.07%
	Director	Representative: Ming-Chang Zhong		
	Director	Representative: Yi-Wei Wu		
	Independent	Representative: Shiu-Ying Chen	0	0.00%
	Director	Representative: Hung-Chun Chen	0	0.00%
	Independent	Representative: Bing-Hao Chang	0	0.00%
	Director			
	Independent			
Taipei Star Bank	Chairperson	Shinkong Synthetic Fibers Corp.	84,968,278	27.07%
	Director	Representative: Chuan-Pu, Kuo		
	Director	Representative: Feng-Yi Huang		
	Managing	Representative: Ren-Bo Lin		
	Director	Representative: Shu-Mei Chen		
	Director	Chia Pang Investment Co., Ltd.	4,420,456	1.41%
	Director	Representative: Ying-Ying Wu		
	Director	Representative: Zhen-Ming Zhong		
	Director	Natural person: Mei-Chu Lin	0	0.00%
	Independent	Natural person: Da-He Yan	0	0.00%
	Director	Natural person: Chin-Yen Wang	0	0.00%
	Independent			
	Director			
	Managing			
Pan Asian Plastics Corp.	Director (and Independent Director)			
	Chairperson	Shinkong Synthetic Fibers Corp.	50,569,938	100.00%
	Director	Representative: Chin-Ta Ou		
	Director	Representative: Zhen-Bin Zhuang		
	Supervisor	Yao-ding Lee		
		Natural person: Hao-Ning Ho	0	0.00%
Shin Kong Investment Consultant Co., Ltd.	Chairperson	Shin Kong International Securities Co., Ltd.	2,000,000	100.00%
	Director	Representative: Li-Ming Tsai		
	Director	Representative: Guang-Heng Huang		
	Supervisor	Representative: Jia-Cheng Ye		
		Representative: Mei-Ling Feng		



Unit: NTD/HKD/USD/EUR thousand; share; %

Company name	Title	Name or name of the representative	Shares held	
			Shares or capital contribution	Shareholding percentage
Shin Kong Insurance Agency Co., Ltd.	Chairperson Director Director Supervisor	Shin Kong International Securities Co., Ltd. Representative: Chiu-Fen Chen Representative: Guang-Heng Huang Representative: Jia-Cheng Ye Representative: Mei-Ling Feng	2,000,000	100.00%
Shin Kong Property Insurance Agency Co., Ltd.	Chairperson Director Director Supervisor	Shin Kong International Securities Co., Ltd. Representative: Chiu-Fen Chen Representative: Guang-Heng Huang Representative: Jia-Cheng Ye Representative: Mei-Ling Feng	1,000,000	100.00%
Hsinshin Asset Management Co., Ltd.	Chairperson Director Director Supervisor	Shinkong Synthetic Fibers Corp. Representative: Hui-Wen Wu Chih-Lung Hsiao Representative: Chuan-Pu, Kuo	5,370,000	100.00%
Shinkong International Leasing Corp.	Chairperson Director Director Supervisor	Shinkong Synthetic Fibers Corp. Chih-Lung Hsiao Representative: Yi-Wei Wu Representative: Tong-Sheng Wu Representative: Hsin-Chang Lin	130,000,000	100.00%
Shinkong Technologies Corporation	Chairperson Director Director Supervisor	Shinkong Synthetic Fibers Corp. Representative: Tong-Sheng Wu Representative: Chin Tang Huang Representative: Si-Bei Huang Representative: Hsin-Chang Lin	3,263,250	100.00%
Shinkong Youth Co., Ltd.	Chairperson	Shinkong Synthetic Fibers Corp. Representative: Shyr Shyuan Luo	51,000,000	100.00%
Shinpont Industry Inc.	Chairperson	Shinkong Synthetic Fibers Corp. Yao-ding Lee	25,245,000	49.99%
	Director	Representative: Chin-Ta Ou		
	Director	Representative: Ping-Yi Hu		
	Director	The LYCRA Company Global	25,250,000	50.00%
	Director	Representative: Robert John Johnston		
	Director	Representative: Choo Yang Teo		
	Director	Representative: Steven Richard Stewart	0	0.00%
	Supervisor	Natural person: Hsin-Chang Lin	0	0.00%
	Supervisor	Natural person: Wai Fan Siew		

Unit: NTD/HKD/USD/EUR thousand; share; %

Company name	Title	Name or name of the representative	Shares held	
			Shares or capital contribution	Shareholding percentage
SHINKONG INNOVATIONS CO., LTD	Chairperson	Shinkong Technologies Corporation	200,000	66.67%
	Director Director Supervisor	Representative: Si-Bei Huang Representative: Hsin-Chang Lin Representative: Hui-Lan Lian Natural person: Hao-Ning Ho	0	0.00%
Shinkong Applied Materials Co., Ltd.	Chairperson	Shinkong Synthetic Fibers Corp.	1,100,000	73.33%
	Director	Representative: Nai-You Zhou		
	Director Supervisor	Representative: Si-Bei Huang Taiwan Duo-Li Materials Co., Ltd. Representative: Gu-Zhao Dai Natural person: Cheng-Chia Wen	300,000 0	20.00% 0.00%
Far Trust International Finance Co., Ltd	Chairperson	Yuan-Qi Investment Co., Ltd.	27,790,781	28.13%
	Director	Representative: Wen-Pin Shen		
	Director	Representative: Yue-Ching Lai		
	Director	Shinkong Synthetic Fibers Corp.	30,599,867	30.97%
	Director	Representative: Po-Jen Wang		
	Director	Representative: Hsun-Yu Chiang	19,814,183	20.06%
	Director	Shinkong International Leasing Corp.	2,023,912	2.05%
	Supervisor Supervisor	Chih Lung Hsiao Natural person: Pang-Cheng Liu Representative: Yueh-Mei Chen Natural person: Yi-Wei Wu Natural person: Hung-Ta Su	121,028 0 733,140	0.12% 0.00% 0.74%
Fartrust International Leasing Co., Ltd.	Chairperson	Far Trust International Finance Co., Ltd.	20,000,000	100.00%
	Director	Representative: Wen-Pin Shen		
	Director	Representative: Hung-Ta Su		
	Supervisor	Representative: Yue-Ching Lai Representative: Pang-Cheng Liu		
FRent	Chairperson	Far Trust International Finance Co., Ltd.	5,000,000	100.00%
	Director	Representative: Wen-Pin Shen		
	Director	Representative: Hung-Ta Su		
	Supervisor	Representative: Yue-Ching Lai Representative: Pang-Cheng Liu		



Otobuy Co., Ltd.	Chairperson	Shinkong Synthetic Fibers Corp.	600,000	60.00%
	Director	Chih Lung Hsiao		
	Director	Representative: Hsun-Yu	0	0.00%
	Supervisor	Chiang	0	0.00%
	Supervisor	Natural person: Wen-Pin Shen	0	0.00%
		Natural person: Yue-Ching Lai		
		Natural person: Yi-Wei Wu		

Unit: NTD/HKD/USD/EUR thousand; share; %

Company name	Title	Name or name of the representative	Shares held	
			Shares or capital contribution	Shareholding percentage
Shinkong Power Technology Co., Ltd.	Chairperson	Shinkong International Leasing Corp.	17,000,000	85.00%
	Director	Chih Lung Hsiao		
	Director	Representative: Yue-Ching Lai		
	Director	Representative: Po-Jen Wang		
	Director	Representative: Shu-Ming Tsai		
	Director	Representative: Chih-Lan Yuan		
	Director	Representative: Kui-bai Chen	3,000,000	15.00%
	Director	Jin-Liang Investment Co., Ltd.		
	Supervisor	Representative: Chan-Tsung Zhan	0	0.00%
		Natural person: Yi-Wei Wu		
Shin Kong Fintech Co., Ltd.	Chairperson	Shinkong Synthetic Fibers Corp.	5,000,000	100.00%
	Supervisor	Chih-Lung Hsiao		
		Representative: Po-Jen Wang		
Shinkong Energy Corporation	Chairperson	Shinkong International Leasing Corp.	10,000,000	100.00%
	Director	Chih Lung Hsiao		
	Director	Representative: Yue-Ching Lai		
	Supervisor	Representative: Po-Jen Wang		
		Representative: Yi-Wei Wu		
SHINKONG VIETNAM LLC.	Chairperson	Shinkong Synthetic Fibers Corp.	VND68,989,475	100.00%
		Representative: Yao-Ding Lee		
Jin Liang Power Service Co., Ltd.	Chairperson	Shinkong International Leasing Corp.	22,408,213	89.63%
	Director	Chih Lung Hsiao		
	Director	Representative: Yue-Ching Lai		
	Director	Representative: Po-Jen Wang		
	Director	Representative: Shu-Ming Tsai		
	Director	Representative: Chih-Lan Yuan		
	Director	Representative: Jian-Kai Wang		
	Supervisor	Representative: Kui-Bai Chen	0	0.00%
		Natural person: Yi-Wei Wu		
Qi Teng Construction Co., Ltd.	Chairperson	Shinkong Synthetic Fibers Corp.	500,000	100.00%
	Director	Chih-Lung Hsiao		
	Director	Representative: Yue-Ching Lai		
	Supervisor	Representative: Po-Jen Wang		
		Representative: Yi-Wei Wu		

SHINKONG VIETNAM ENTERPRISE COMPANY LIMITED	Chairperson Director	Shinkong Synthetic Fibers Corp. Representative: Ping-Yi Hu Representative: Yang-Zong Chen	USD500	100.00%
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Unit: NTD/HKD/USD/EUR thousand; share; %

Company name	Title	Name or name of the representative	Shares held	
			Shares or capital contribution	Shareholding percentage
Her Chuang Energy Co.,Ltd.	Chairperson Director Director Supervisor	Shinkong Energy Corporation Chih-Lung Hsiao Representative: Yue-Ching Lai Representative: Po-Jen Wang Representative: Yi-Wei Wu	4,500,000	100.00%

## 6. Performance of affiliated enterprises

Unit: NTD/USD/RMB/EUR/THB

Company name	Currency (Note 1)	Paid-up capital	Total assets	Total liabilities	Net worth	Operating revenues	Operating profit	Current net profit (loss) (after-tax)	Per-share earnings (NTD)
Hsingshing Investment Co., Ltd	NTD-K	1,609,000	2,069,968	261,156	1,808,812	61,931	9,901	11,031	0.07
Shinkong Engineering Co., Ltd.	NTD-K	385,438	727,488	227,168	500,319	56,918	10,723	14,710	0.38
Shin Chiun Industrial Co., Ltd.	NTD-K	838,000	897,022	8,180	888,843	176	(1,007)	9,787	0.12
Shinpont Industry Inc.	NTD-K	505,000	1,221,478	200,334	1,021,144	986,159	218,706	187,100	3.70
UBright Optronics Corporation	NTD-K	801,777	4,356,143	981,971	3,374,172	2,498,270	294,519	339,545	4.22
Rise Concept Enterprises Limited	HKD-K	2,000	21,040	23,586	(2,547)	-	(13)	515	Note 2
Maxima Pacific Ltd.	USD-K	7,578	64,317	-	64,317	-	(7)	458	0.06
SSFC Investment Ltd.	RMB-K	1,564	1,033,572	401,322	632,250	-	(1,446)	31,744	20.30
Thai Shinkong Industry Corporation Ltd.	THB-K	1,893,939	6,024,664	1,314,380	4,710,284	7,076,299	609,321	471,806	2.49
Dayspring Ltd. (Dayspring)	RMB-K	401,322	443,223	-	443,223	-	(40)	(6,937)	Note 2
Shinkong Applied Materials (Jiangsu) Co. Ltd.	RMB-K	97,872	188,492	79,831	108,661	161,652	18,221	19,541	Note 2
Shinkong Materials Technology Co., Ltd.	NTD-K	859,924	1,981,439	1,522,669	458,770	2,113,912	(628,027)	(625,199)	(7.27)
Maxpro Ltd. (MPO)	EUR-K	42,151	47	-	47	-	(39)	46	-
LOFO HOLDING	EUR-K	34,826	47	-	47	-	-	-	Note 2
TacBright Optronics Corporation	NTD-K	4,636,020	3,640,941	1,398,149	2,242,792	1,174,256	(194,618)	(198,401)	(0.43)
Pan Asian Plastics Industry Corporation	NTD-K	539,650	1,345,099	785,991	559,108	1,174,114	6,746	(2,101)	(0.04)
Pan Asian Plastics Corp.	NTD-K	505,700	2,436,689	274,955	2,161,734	94,588	(3,446)	46,047	0.91
Shin Kong International Securities Co., Ltd.	NTD-K	1,519,000	26,004,631	20,450,120	5,554,511	2,264,017	1,029,886	1,011,179	6.66
Taipei Star Bank	NTD-K	3,139,237	89,585,257	83,799,673	5,785,584	1,047,323	139,571	113,134	0.36
Hsinshin Asset Management Co., Ltd.	NTD-K	53,700	64,057	691	63,366	2,560	1,577	3,546	0.66

Company name	Currency (Note 1)	Paid-up capital	Total assets	Total liabilities	Net worth	Operating revenues	Operating profit	Current net profit (loss) (after-tax)	Per-share earnings (NTD)
Shin Long Chemical Co., Ltd.	NTD-K	50,000	591,473	1,143	590,330	-	(7,850)	(643)	(0.13)
Chi Jian Human Resources & Management Co., Ltd.	NTD-K	5,000	8,200	2,720	5,480	14,135	(108)	(85)	Note 2
Shin Kong Investment Consultant Co., Ltd.	NTD-K	20,000	38,192	7,991	30,201	14,400	1,321	1,258	0.63
Shin Kong Property Insurance Agency Co., Ltd.	NTD-K	10,000	26,147	2,333	23,814	12,382	7,674	6,328	6.33
Shin Kong Insurance Agency Co., Ltd.	NTD-K	20,000	55,976	9,370	46,607	57,308	14,495	12,053	6.03
Intelligent Medical Big Data Co., Ltd.	NTD-K	30,000	1,938	119	1,819	3,289	2,373	2,306	0.77
Shinkong Technologies Corporation	NTD-K	32,633	42,517	7,483	35,034	42,150	1,090	1,545	0.47
Shinkong International Leasing Corp.	NTD-K	1,300,000	11,595,81	10,137,605	1,458,210	367,701	255,005	110,038	1.00
SHINKONG INNOVATIONS CO., LTD	NTD-K	3,000	6,470	1,799	4,671	6,193	1,066	883	2.94
Otobuy Co., Ltd.	NTD-K	10,000	6,389	240	6,149	247	(1,544)	(1,526)	(1.53)
Shinkong Applied Materials Co., Ltd.	NTD-K	15,000	8,095	20	8,075	132	(5,661)	(546)	(0.36)
Shinkong Power Technology Co., Ltd.	NTD-K	200,000	478,589	274,130	204,459	45,051	8,719	3,445	0.17
Shin Kong Fintech Co., Ltd.	NTD-K	50,000	50,903	1,358	49,545	5,430	(434)	(292)	(0.06)
Far Trust International Finance Co., Ltd	NTD-K	988,000	10,069,979	8,800,129	1,269,850	643,409	190,072	65,681	0.66
Fartrust International Leasing Co., Ltd.	NTD-K	200,000	2,941,646	2,723,458	218,188	137,706	10,057	9,432	0.47
Fartrust Car Rental Co., Ltd.	NTD-K	50,000	51,657	3,912	47,745	13,333	(8,585)	21	0.01
Suzhou UBright Optronics Corp.	RMB-K	1,000	1,015	577	438	2,213	89	602	Note 2
Shinkong Youth Co., Ltd.	NTD-K	510,000	1,258,022	767,520	490,502	-	(38,048)	(41,317)	(0.81)
SHINKONG VIETNAM LLC.	VND-K	68,989,475	68,506,635	-	68,506,635	-	-	(224,482)	Note 2
Jin Liang Power Service Co., Ltd.	NTD-K	250,000	1,130,820	834,713	296,107	142,500	57,332	29,705	1.19
Shinkong Energy Corporation	NTD-K	100,000	560,345	456,397	103,948	3,691	(15)	3,989	0.40
SHINKONG VIETNAM ENTERPRISE COMPANY LIMITED	VND-K	12,101,800	12,020,383	191,505	11,828,878	-	(258,677)	(272,922)	Note 2
Her Chuang Energy Co.,Ltd.	NTD-K	45,000	249,109	204,489	44,620	15,228	4,693	3,965	0.88
Qi Teng Construction Co., Ltd.	NTD-K	5,000	4,999	49	4,950	-	(62)	(50)	(0.01)

Note 1: K represents thousands of dollars.



Note 2: The entity is a company limited by shares.

(II) Consolidated financial statements of affiliated companies

(for the consolidated financial statements of parent and subsidiary companies, please refer to pages 127 to 308 of this annual report.)

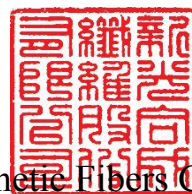
Declaration

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises” for the year of 2023 (from January 1 to December 31, 2023) are the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in the International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of the parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

This declaration is solemnly made by

Company name: Shinkong Synthetic Fibers Corp.

Person-in-charge: Tong Sheng Wu



March 11, 2024

(III)Affiliation report: None.



## II. Private Placement Securities in the Most Recent Year and as of Publication Date of the Annual Report:

(I) Private placement of preferred shares: None

(II) Private placement of common shares: None

## III. The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Year and as of Publication Date of the Annual Report:

Unit: NTD thousands, shares, %

Subsidiary name	Paid-up capital	Source of capital	The Company's shareholding ratio	Acquisition or disposal dates	Number and amount of shares acquired	Number and amount of shares disposed	Investment income	Number and amount of shares held as of the publication date of annual report	Encumbrances	Endorsement/guarantee amount from the Company to subsidiary	Loan from the Company to subsidiary
Hsin Lung Chemical Co., Ltd. (HLC)	50,000	Equity Fund	93.80% shareholding through 100%-owned subsidiary - Pan Asian Plastics Corp. (PAP)	Acquired (excluding stock dividends): Before May 2007	9,934,633 shares/101,215	5,500,000 shares/33,630	Cash Dividend	4,680,487 shares / 74,419	-	-	-
				Stock dividend	245,854 shares						
				Disposed of: Before May 2007							
				Up until the publication date of this annual report	-	-	-	4,680,487 shares / 74,419	-	-	-

## IV. Other supplementary information: None.

Occurrences that are significant to shareholders' equity or securities prices, as defined in Sub-paragraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act: None.

Shinkong Synthetic Fibers Corp.



Chairperson

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